UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2025.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO .

Commission File Number: 333-179121

Hughes Satellite Systems Corporation

(Exact name of registrant as specified in its charter)

Colorado	**45-0897865**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9601 South Meridian Boulevard Englewood, Colorado	**80112-5308**
(Address of principal executive offices)	(Zip Code)
(303) 723-1000	**Not Applicable**
(Registrant's telephone number, including area code)	(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒* No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☒	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2025, the registrant's outstanding common stock consisted of 1,078 shares of common stock, $0.01 par value per share.

The Registrant meets the conditions set forth in General Instructions (H)(1)(a) and (b) of Form 10-Q and is therefore filing this Quarterly Report on Form 10-Q with the reduced disclosure format.

* The Registrant currently is not subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 and is filing this Quarterly Report on Form 10-Q on a voluntary basis. The Registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months as if it were subject to such filing requirements during such period.

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* **This item has been omitted pursuant to the reduced disclosure format as set forth in General Instructions (H)(2)(a) of Form 10-Q.**

PART I — FINANCIAL INFORMATION

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Unless otherwise required by the context, in this report, the words "HSSC," the "Company," "we," "our" and "us" refer to Hughes Satellite Systems Corporation and its subsidiaries, "EchoStar" refers to EchoStar Corporation, our parent company, "DISH Network" refers to DISH Network Corporation, a wholly owned, indirect subsidiary of EchoStar, and its subsidiaries, and "DISH DBS" refers to DISH DBS Corporation, a wholly owned, indirect subsidiary of DISH Network, and its subsidiaries.

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, in particular, statements about our plans, objectives and strategies, growth opportunities in our industries and businesses, our expectations regarding future results, financial condition, liquidity and capital requirements, our estimates regarding the impact of regulatory developments and legal proceedings, and other trends and projections. Forward-looking statements are not historical facts and may be identified by words such as "future," "anticipate," "intend," "plan," "goal," "seek," "believe," "estimate," "expect," "predict," "will," "would," "could," "can," "may," and similar terms. These forward-looking statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q and represent management's current views and assumptions. Forward-looking statements are not guarantees of future performance, events or results and involve known and unknown risks, uncertainties and other factors, which may be beyond our control. Accordingly, actual performance, events or results could differ materially from those expressed or implied in the forward-looking statements due to a number of factors, including, but not limited to, those summarized below:

SUMMARY OF RISK FACTORS

Competition and Economic Risks

- We face intense and increasing competition from providers of broadband services. Changing consumer behavior and new technologies in our industry may reduce our subscriber activations and may cause our subscribers to purchase fewer services from us or to cancel our services altogether, resulting in less revenue to us.

- If we are unable to take advantage of technological developments on a timely basis, or at all, we may experience a decline in demand for our services or face challenges in implementing or evolving our business strategy.

- Our business is partially dependent on enterprise revenue and any decline or reduction of that revenue could negatively impact our business, financial condition and results of operations.

Operational and Service Delivery Risks

- Any deterioration in our operational performance, subscriber activations and churn rate and subscriber satisfaction could adversely affect our business, financial condition and results of operations.

- We have limited satellite capacity and any failures or reduced capacity, caused by, among other things, operational and environmental risks, could adversely affect our business, financial condition and results of operations.

- Our foreign operations and investments expose us to risks and restrictions not present in our domestic operations.

- Extreme weather may result in risk of damage to our infrastructure and therefore our ability to provide services, and may lead to changes in federal, state and foreign government regulation, all of which could materially and adversely affect our business, results of operations and financial condition.

- We rely on a single vendor or a limited number of vendors to provide certain key products or services to us, and the inability of these key vendors to meet our needs could have a material adverse effect on our business.

- Changes in trade policies, including, but not limited to, tariffs and other restrictions, could increase, among other things, our costs, disrupt our supply chain and negatively affect our business, operations and financial condition.

- We depend on independent third parties to solicit orders for our services that represent a meaningful percentage of our total gross new subscriber activations.

Risks Related to our Human Capital

- We rely on highly skilled personnel for our business, and any inability to hire and retain key personnel or to hire qualified personnel may negatively affect our business, financial condition and results of operations.

- Our business growth and customer retention strategies rely in part on the work of technically skilled employees.

Risks Related to our Satellites

- Our owned and leased satellites in orbit are subject to significant operational and environmental risks that could limit our ability to utilize these satellites.

- Our satellites under construction are subject to risks related to, among other things, construction, technology, regulations and launch that could limit our ability to utilize these satellites, increase costs and adversely affect our business.

- Our use of certain satellites is often dependent on satellite coordination agreements, which may be difficult to obtain.

Risks Related to our Products and Technology

- Our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others.

- We are, and may become, party to various lawsuits which, if adversely decided, could have a significant adverse impact on our business, particularly lawsuits regarding intellectual property.

- If our products contain defects, we could be subject to significant costs to correct such defects and our product and network service contracts could be delayed or cancelled, which could adversely affect our revenue.

Risks Related to Cybersecurity

- Our parent, EchoStar, has experienced and we may experience in the future consistent cyber-attacks and attempts to gain unauthorized access to our systems and any failure or inadequacy of our information technology infrastructure and communications systems or those of third parties that we use in our operations could disrupt or harm our business.

- The confidentiality, integrity and availability of our services and products depends on the continuing operation of our information technology and other enabling systems.

Acquisition and Capital Structure Risks

- We currently do not have the necessary cash on hand, projected future cash flows or committed financing to fund our obligations over the next twelve months, which raises substantial doubt about our ability to continue as a going concern.

- We have substantial debt outstanding and may incur additional debt and covenants in our Indentures could limit our ability to undertake certain types of activities and adversely affect our liquidity.

- We may pursue acquisitions, dispositions, capital expenditures, the development, acquisition and launch of new satellites and other strategic initiatives to complement or expand our business, which may not be successful and we may lose a portion or all of our investment in these acquisitions and transactions.

- We will need additional capital, which may not be available on favorable terms or at all, to fund current obligations, to continue investing in our business and to finance acquisitions and other strategic transactions.

- Our parent, EchoStar is controlled by one principal stockholder who is also our Chairman.

Risks Related to the Regulation of Our Business

- Our services depend on FCC licenses that can expire or be revoked or modified and applications for FCC licenses that may not be granted.

Other factors that could cause or contribute to such differences include, but are not limited to, those discussed under the caption “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of our most recent Annual Report on Form 10-K (the “10-K”) filed with the Securities and Exchange Commission (“SEC”), those discussed in “Management’s Narrative Analysis of Results of Operations” herein and in the 10-K and those discussed in other documents we file with the SEC. All cautionary statements made or referred to herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks and uncertainties described or referred to herein and should not place undue reliance on any forward-looking statements. The forward-looking statements speak only as of the date made, and we expressly disclaim any obligation to update these forward-looking statements.

Item 1. FINANCIAL STATEMENTS

HUGHES SATELLITE SYSTEMS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share amounts)
(Unaudited)

	As of	
	September 30, 2025	December 31, 2024
Assets		
Current Assets:		
Cash and cash equivalents	$ 119,020	$ 204,198
Marketable investment securities	—	—
Trade accounts receivable and contract assets, net of allowance for credit losses of $11,988 and $11,314, respectively	297,190	275,247
Prepaids and other assets	72,490	63,684
Inventory	191,097	151,043
Other current assets	55,105	48,034
Total current assets	734,902	742,206
Noncurrent Assets:		
Property and equipment, net	979,177	1,097,190
Operating lease assets	859,763	939,896
Regulatory authorizations, net	400,000	404,698
Intangible assets, net	9,355	11,082
Other investments	21,773	23,516
Other noncurrent assets, net	262,507	252,789
Total noncurrent assets	2,532,575	2,729,171
Total assets	$ 3,267,477	$ 3,471,377
Liabilities and Stockholder's Equity (Deficit)		
Current Liabilities:		
Trade accounts payable	$ 86,690	$ 99,519
Contract liabilities	87,100	81,558
Accrued interest	15,996	38,845
Accrued compensation	36,447	34,904
Accrued expenses	59,313	55,019
Operating lease liabilities	172,960	72,393
Other current liabilities	46,792	48,242
Current portion of debt and other notes payable (Note 8)	1,510,952	9,548
Total current liabilities	2,016,250	440,028
Long-Term Obligations, Net of Current Portion:		
Long-term debt and other notes payable, net of current portion (Note 8)	28,376	1,533,717
Deferred tax liabilities, net	139,597	191,559
Operating lease liabilities, noncurrent	741,219	830,629
Other noncurrent liabilities	78,653	85,385
Total long-term obligations, net of current portion	987,845	2,641,290
Total liabilities	3,004,095	3,081,318
Commitments and Contingencies (Note 9)		
Stockholder's Equity (Deficit):		
Common stock, $0.01 par value, 1,000,000 shares authorized, 1,078 shares issued and outstanding at both September 30, 2025 and December 31, 2024	—	—
Additional paid-in capital	1,499,751	1,487,758
Accumulated other comprehensive income (loss)	(165,718)	(190,810)
Accumulated earnings (deficit)	(1,123,807)	(958,518)
Total HSSC stockholder's equity (deficit)	210,226	338,430
Noncontrolling interests	53,156	51,629
Total stockholder's equity (deficit)	263,382	390,059
Total liabilities and stockholder's equity (deficit)	$ 3,267,477	$ 3,471,377

The accompanying notes are an integral part of these condensed consolidated financial statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue:				
Service revenue	$ 268,294	$ 295,935	$ 820,249	$ 919,344
Equipment sales and other revenue	71,821	86,461	220,954	232,675
Total revenue	340,115	382,396	1,041,203	1,152,019
Costs and Expenses (exclusive of depreciation and amortization):				
Cost of services	160,017	171,880	480,103	514,444
Cost of sales - equipment and other	67,830	74,242	212,825	208,905
Selling, general and administrative expenses	79,078	98,285	242,299	294,993
Depreciation and amortization	83,218	90,719	251,033	277,594
Impairments and other (Note 1)	10,581	—	10,581	—
Total costs and expenses	400,724	435,126	1,196,841	1,295,936
Operating income (loss)	(60,609)	(52,730)	(155,638)	(143,917)
Other Income (Expense):				
Interest income	2,522	2,322	7,269	22,892
Interest expense, net of amounts capitalized	(24,386)	(24,695)	(74,697)	(74,139)
Other, net (Note 4)	1,013	(979)	5,712	(6,085)
Total other income (expense)	(20,851)	(23,352)	(61,716)	(57,332)
Income (loss) before income taxes	(81,460)	(76,082)	(217,354)	(201,249)
Income tax benefit (provision), net	21,490	15,822	50,521	32,848
Net income (loss)	(59,970)	(60,260)	(166,833)	(168,401)
Less: Net income (loss) attributable to noncontrolling interests	(162)	(2,003)	(1,544)	(8,543)
Net income (loss) attributable to HSSC	$ (59,808)	$ (58,257)	$ (165,289)	$ (159,858)
Comprehensive Income (Loss):				
Net income (loss)	$ (59,970)	$ (60,260)	$ (166,833)	$ (168,401)
Other comprehensive income (loss):				
Foreign currency translation adjustments	1,900	5,679	28,163	(20,032)
Unrealized gains (losses) on available-for-sale debt securities	(3)	—	(14)	(267)
Recognition of previously unrealized (gains) losses on available-for-sale debt securities included in net income (loss)	3	—	14	204
Total other comprehensive income (loss), net of tax	1,900	5,679	28,163	(20,095)
Comprehensive income (loss):	(58,070)	(54,581)	(138,670)	(188,496)
Less: Comprehensive income (loss) attributable to noncontrolling interests	(50)	(1,553)	1,527	(12,433)
Comprehensive income (loss) attributable to HSSC	$ (58,020)	$ (53,028)	$ (140,197)	$ (176,063)

The accompanying notes are an integral part of these condensed consolidated financial statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)
(In thousands)
(Unaudited)

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Losses)	Noncontrolling Interests	Total
Balance, December 31, 2023	$ —	$ 1,484,064	$ (152,491)	$ 279,885	$ 67,631	$ 1,679,089
Non-cash, stock-based compensation	—	993	—	—	—	993
Dividends to EchoStar Corporation	—	—	—	(1,029,000)	—	(1,029,000)
Other comprehensive income (loss)	—	—	(7,178)	—	(1,118)	(8,296)
Net income (loss)	—	—	—	(45,619)	(4,647)	(50,266)
Balance, March 31, 2024	$ —	$ 1,485,057	$ (159,669)	$ (794,734)	$ 61,866	$ 592,520
Non-cash, stock-based compensation	—	1,544	—	—	—	1,544
Other comprehensive income (loss)	—	—	(14,256)	—	(3,222)	(17,478)
Net income (loss)	—	—	—	(55,982)	(1,893)	(57,875)
Balance, June 30, 2024	$ —	$ 1,486,601	$ (173,925)	$ (850,716)	$ 56,751	$ 518,711
Non-cash, stock-based compensation	—	562	—	—	—	562
Other comprehensive income (loss)	—	—	5,229	—	450	5,679
Net income (loss)	—	—	—	(58,257)	(2,003)	(60,260)
Balance, September 30, 2024	$ —	$ 1,487,163	$ (168,696)	$ (908,973)	$ 55,198	$ 464,692

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Losses)	Noncontrolling Interests	Total
Balance, December 31, 2024	$ —	$ 1,487,758	$ (190,810)	$ (958,518)	$ 51,629	$ 390,059
Non-cash, stock-based compensation	—	2,961	—	—	—	2,961
Other comprehensive income (loss)	—	—	10,637	—	1,801	12,438
Net income (loss)	—	—	—	(48,395)	(645)	(49,040)
Balance, March 31, 2025	$ —	$ 1,490,719	$ (180,173)	$ (1,006,913)	$ 52,785	$ 356,418
Non-cash, stock-based compensation	—	6,061	—	—	—	6,061
Other comprehensive income (loss)	—	—	12,667	—	1,158	13,825
Net income (loss)	—	—	—	(57,086)	(737)	(57,823)
Balance, June 30, 2025	$ —	$ 1,496,780	$ (167,506)	$ (1,063,999)	$ 53,206	$ 318,481
Non-cash, stock-based compensation	—	2,971	—	—	—	2,971
Other comprehensive income (loss)	—	—	1,788	—	112	1,900
Net income (loss)	—	—	—	(59,808)	(162)	(59,970)
Balance, September 30, 2025	$ —	$ 1,499,751	$ (165,718)	$ (1,123,807)	$ 53,156	$ 263,382

The accompanying notes are an integral part of these condensed consolidated financial statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Nine Months Ended September 30,	
	2025	2024
Cash Flows From Operating Activities:		
Net income (loss)	$ (166,833)	$ (168,401)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	251,033	277,594
Impairments and other (Note 1)	10,581	—
Realized and unrealized losses (gains) on investments, impairments and other	(14)	(200)
Non-cash, stock-based compensation	11,993	3,099
Deferred tax expense (benefit)	(49,990)	(64,538)
Equity in (earnings) losses of affiliates	(257)	3,848
Changes in allowance for credit losses	674	(5,036)
Foreign currency transaction losses (gains), net	(5,501)	2,323
Amortization of debt issuance costs	697	657
Noncurrent assets and noncurrent liabilities, net	(23,089)	12,399
Other, net	(30)	(939)
Changes in operating assets and operating liabilities, net:		
Trade accounts receivable and contract assets, net	(18,470)	(3,807)
Other current assets	(53,655)	(45,704)
Trade accounts payable	(12,778)	9,540
Contract liabilities	5,542	(41,636)
Accrued expenses and other liabilities	74,602	(305,355)
Net cash flows from operating activities	24,505	(326,156)
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(30,261)	—
Sales and maturities of marketable investment securities	30,305	414,323
Purchases of property and equipment (Note 6)	(90,101)	(168,097)
Expenditures for externally marketed software	(16,881)	(19,297)
Return of equity investment	—	20,000
Dividend received from unconsolidated affiliate	2,000	4,500
Other, net	(2,184)	—
Net cash flows from investing activities	(107,122)	251,429
Cash Flows From Financing Activities:		
Payment of in-orbit incentive obligations	(4,943)	(1,480)
Dividends to EchoStar Corporation	—	(1,029,000)
Other, net	411	895
Net cash flows from financing activities	(4,532)	(1,029,585)
Effect of exchange rates on cash and cash equivalents	2,867	(3,476)
Net increase (decrease) in cash, cash equivalents, restricted cash and cash equivalents	(84,282)	(1,107,788)
Cash and cash equivalents, including restricted amounts, beginning of period (Note 4)	205,813	1,277,741
Cash and cash equivalents, including restricted amounts, end of period (Note 4)	$ 121,531	$ 169,953

The accompanying notes are an integral part of these condensed consolidated financial statements.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Business Activities

Principal Business

Hughes Satellite Systems Corporation (which, together with its subsidiaries, is referred to as "HSSC," the "Company," "we," "us" and "our") is a holding company and a subsidiary of EchoStar Corporation ("EchoStar" and "parent"). We were formed as a Colorado corporation in March 2011 to facilitate the acquisition by EchoStar (the "Hughes Acquisition") of Hughes Communications, Inc. and its subsidiaries and related financing transactions. In connection with our formation, EchoStar contributed the assets and liabilities of its satellite services business to us, including the principal operating subsidiary of its satellite services business, EchoStar Satellite Services L.L.C. Substantially all of the voting power of the shares of EchoStar is owned beneficially by Charles W. Ergen, our Chairman, and by certain entities established for the benefit of his family.

We manage our business activities on a consolidated basis and operate as a single operating segment: Hughes. See Note 10 for information regarding our segment reporting.

We offer broadband satellite technologies and broadband internet products and services to consumer customers. We provide broadband network technologies, managed services, equipment, hardware, satellite services and communications solutions to government and enterprise customers. We also design, provide and install gateway and terminal equipment to customers for other satellite systems. In addition, we design, develop, construct and provide telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers. We offer a robust suite of integrated, multi-transport solutions to enable airline and airline service providers to deliver reliable in-flight network connectivity serving both commercial and business aviation. We currently lease all of the capacity of EchoStar XXIV from EchoStar, effective December 31, 2023. As of September 30, 2025, we had 783,000 Broadband subscribers.

Recent Developments

FCC Review

In the third quarter of 2025, our parent, EchoStar resolved the previously disclosed review by the Federal Communications Commission (the "FCC") into EchoStar's compliance with its buildout milestones and other obligations regarding EchoStar's federal spectrum licenses. EchoStar previously received a letter from the FCC on May 9, 2025, indicating that the FCC was beginning a review of their compliance with certain obligations to provide 5G broadband service and raising certain questions regarding the September 2024 buildout extension granted by the FCC and mobile-satellite service ("MSS") utilization in the 2 GHz band (the "May 9 Letter"). EchoStar responded to the FCC's subsequent public notices with filings on May 27, 2025 and June 6, 2025.

During the second quarter and the beginning of the third quarter of 2025, the potential ramifications of the FCC review to EchoStar's business required them to, among other things, reevaluate the deployment of their resources and as a result, EchoStar elected not to make interest payments on a certain portion of their long-term senior notes on their respective scheduled due dates. EchoStar subsequently made such payments, including interest on the defaulted interest, within the applicable 30-day grace periods. See Note 9 of our parent EchoStar's Quarterly Report on form 10-Q for the quarter ended September 30, 2025 for further information.

The FCC review introduced the possibility of reversing prior FCC grants of authority to EchoStar. The FCC made it clear that it viewed EchoStar's spectrum as being underutilized and deemed their continued ownership of such spectrum licenses inconsistent with the public interest, and that they must sell a material amount of spectrum licenses or face a wide-ranging license revocation. Accordingly, as a result of these unforeseeable actions by the FCC that were outside of EchoStar's control, they entered into the AT&T Transactions, as defined in EchoStar's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 and the SpaceX Transactions, as defined below, whereby EchoStar agreed to sell a material amount of their spectrum licenses. In August 2025, following these transactions, EchoStar began the abandonment and decommission process for certain portions of their 5G Network that will not be utilized in their Hybrid MNO business. Furthermore, EchoStar believes the FCC's actions and the resulting AT&T Transactions and SpaceX Transactions constitute one or more force majeure events under certain of their 5G Network-related contracts.

On September 8, 2025, EchoStar received a follow-up letter from the FCC (the "September 8 Letter"). The September 8 Letter states, among other things, that FCC Chairman Carr has "asked FCC staff to bring the agency's investigation to conclusion" by directing FCC staff to: "(1) dismiss VTel Wireless's petition for reconsideration; (2) confirm that EchoStar holds exclusive terrestrial and MSS rights over the AWS-4 spectrum to which it is currently licensed; and (3) find that relevant FCC buildout and other related obligations have been satisfied by EchoStar in view of the company's current FCC milestones."

SpaceX License Purchase Agreement

On September 7, 2025, our parent, EchoStar, Space Exploration Technologies Corp., a Texas corporation ("SpaceX"), and Spectrum Business Trust 2025-1, a Nevada Business Trust ("Trust"), entered into a License Purchase Agreement (the "SpaceX License Purchase Agreement," and the transactions contemplated thereby, the "SpaceX Transactions").

Pursuant to the terms and subject to the conditions set forth in the SpaceX License Purchase Agreement, our parent EchoStar, agreed to sell to SpaceX their rights and licenses related to an aggregate of 50 MHz of spectrum in frequency ranges 2000–2020, 2180–2200, 1915–1920 and 1995– 2000 (the "AWS-4 and H-Block Licenses" and such spectrum, "the Spectrum") granted by the FCC, together with certain international authorizations, filings, concessions, licenses, rights and priorities related to that spectrum and certain assets associated therewith (collectively, the "Foreign Assets").

The transfer of the AWS-4 and H-Block Licenses will occur in two steps: first, the AWS-4 and H-Block Licenses will be transferred by EchoStar to the Trust (the "Spectrum Transfer Closing"), and second, the AWS-4 and H-Block Licenses will be transferred by the Trust to SpaceX (the "Spectrum Acquisition Closing"). The Foreign Assets will be transferred directly to SpaceX at the Spectrum Acquisition Closing, to the extent the required regulatory approvals have been obtained by such date; provided, however, that the failure to obtain such approvals will not delay or prevent the Spectrum Acquisition Closing.

The consideration for the SpaceX Transactions payable at the Spectrum Acquisition Closing is $17 billion (the "Total Consideration Amount"). A portion of the Total Consideration Amount (such amount, the "Total Payoff Consideration Amount") will be used to (i) fully pay off all outstanding amounts owed on EchoStar's 10 3/4% Senior Secured Notes due 2029 (the "10 3/4% Secured Notes") and 6 3/4% Senior Secured due 2030 (the "6 3/4% Secured Notes") and (ii) settle the anticipated redemption and conversions of EchoStar's 3 7/8% Convertible Secured Notes due 2030 (the "Convertible Notes due 2030" and, together with the 10 3/4% Secured Notes and the 6 3/4% Secured Notes, the "Seller Notes"). The remaining amount after paying off the Seller Notes (the "Purchase Price") will be paid by SpaceX to EchoStar as follows: (i) up to $8.5 billion will be paid in SpaceX's Class A Common Stock, valued at $212 per share (the "Equity Amount"); and (ii) any amount of the Purchase Price exceeding $8.5 billion will be paid in cash.

If the Total Payoff Consideration Amount exceeds $8.5 billion, EchoStar may elect to pay the excess in cash, EchoStar's Class A Common Stock (with respect to the Convertible Notes due 2030), or both, to maintain EchoStar's receipt of the full Equity Amount. However, if EchoStar elects not to pay such excess amount, the Equity Amount will be reduced dollar-for-dollar to ensure that the combined Equity Amount and Total Payoff Consideration Amount do not exceed the Total Consideration Amount. As of September 30, 2025, the aggregate principal amount outstanding of the Seller Notes was $9.826 billion and is secured by the AWS-4 and AWS-3 Licenses.

The Spectrum Acquisition Closing is expected to occur on or about November 30, 2027, following the expiration of the make-whole period for the Seller Notes and the date on which the Convertible Notes due 2030 become eligible for redemption. If SpaceX elects to proceed with the Spectrum Acquisition Closing prior to November 30, 2027, SpaceX will be responsible for any additional amounts required to satisfy the Seller Notes, other than additional amounts payable as a result of a default under the Seller Notes.

Additionally, in connection with the SpaceX License Purchase Agreement and the SpaceX Transactions, on September 7, 2025, SpaceX and the Trust entered into a Credit Agreement, pursuant to which SpaceX has agreed upon the Spectrum Transfer Closing to loan to the Trust (via automatically cancellable loans) amounts sufficient to make debt service payments on the Seller Notes through at least November 30, 2027 (the "Interim Debt Service"), which will be secured on a junior lien basis by the AWS-4 and H-Block Licenses. The aggregate amount of payments for the Interim Debt Service through November 30, 2027 will equal approximately $2 billion and will be settled via a loan between EchoStar and SpaceX that automatically cancels upon the completion of the Spectrum Acquisition Closing. The Credit Agreement is generally on standard commercial terms and conditions and, as a beneficiary of the Credit Agreement, EchoStar has the ability to enforce the parties obligations under the Agreement.

The SpaceX Transactions are subject to a number of terms and conditions set forth in the SpaceX License Purchase Agreement. The completion of the SpaceX Transactions are subject to the satisfaction or waiver of customary closing conditions, including, among others, receipt of certain consents and approvals from the FCC and DOJ. The SpaceX License Purchase Agreement also provides for specified termination rights.

The SpaceX License Purchase Agreement also provides for future long-term commercial agreements that will enable EchoStar to offer their Wireless subscribers access to SpaceX's next-generation Starlink Direct to Cell text and voice and broadband services utilizing certain rights and licenses related to the Spectrum that are to be conveyed by EchoStar to SpaceX at the Spectrum Acquisition Closing. The commercial agreements will also provide for a fee-based referral program that lets us refer existing HughesNet customers and new Starlink customers to SpaceX.

The description of the SpaceX License Purchase Agreement is not complete and is qualified in its entirety by reference to the License Purchase Agreement filed as an exhibit in EchoStar's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025.

Please see Note 13 for additional information on this transaction subsequent to September 30, 2025.

Future Capital Requirements

The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Our cash and cash equivalents and marketable investment securities totaled $119 million as of September 30, 2025 ("Cash on Hand"). As reflected in the condensed consolidated financial statements as of September 30, 2025, we have $1.5 billion of debt maturing in August 2026.

Because we do not currently have the necessary Cash on Hand and/or projected future cash flows or committed financing to fund our obligations, including our debt maturities, for at least twelve months from the issuance of these condensed consolidated financial statements, substantial doubt exists about our ability to continue as a going concern. To address our capital needs, we are in active discussions with funding sources to raise additional capital and/or restructure our outstanding debt. We cannot provide assurances that we will be successful in obtaining such new financing and/or restructuring the existing debt obligations necessary for us to have sufficient liquidity. In addition, our parent, EchoStar, may not provide additional liquidity in the future necessary to meet our obligations as they come due. The condensed consolidated financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should we not continue as a going concern.

Impairments and Other

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets

We review our long-lived assets and finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For assets which are held and used in operations, the asset may not be recoverable if the carrying amount of the asset (or asset group) exceeds its undiscounted future net cash flows. When an asset fails the recoverability test, the actual impairment recognized is the difference between the carrying amount and the fair value as estimated using one of the following approaches: income, cost and/or market. In the event of an impairment, a loss is recorded in "Impairments and other" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) based on the amount by which the carrying amount exceeds the fair value of the long-lived asset or asset group. Assets which are to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Fair value, using the income approach, is determined primarily using a discounted cash flow model that uses the estimated cash flows associated with the asset or asset group under review, discounted at a rate commensurate with the risk involved. Fair value, utilizing the cost approach, is determined based on the replacement cost of the asset reduced for, among other things, depreciation and obsolescence. Fair value, utilizing the market approach, is determined by estimating the amount that a market participant would receive when selling the asset.

Under the SpaceX Transactions, SpaceX has the sole option to acquire certain satellite assets and certain regulatory authorizations from us and our parent, EchoStar. This option was considered a triggering event and resulted in our review for impairment of certain of our international licenses and ground equipment necessary to operate our and our parent's assets included in the SpaceX Transactions. Additionally, we and our parent, EchoStar are no longer pursuing a business plan to utilize those complementary assets and as such our assets have no future use. Management determined based on our undiscounted future net cash flows that the carrying amount of certain assets, individually or as part of an asset group were not recoverable. This conclusion was made in connection with the preparation and review of the financial statements required to be included in this Quarterly Report on Form 10-Q. Management then determined the fair value of certain assets or asset groups using the market approach. Due to the specialized use and company specific nature of each asset or asset group, management determined the fair values to be nominal, resulting in non-cash impairment charges in "Impairments and other" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued
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"Impairments and other" recorded on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) during the three and nine months ended September 30, 2025 consisted of the following:

	For the Three and Nine Months Ended September 30, 2025
	(In thousands)
Regulatory authorizations	$ 4,867
Property and equipment, net	3,985
Exit and disposal costs (1)	1,729
Impairments and other	$ 10,581

(1) Exit and disposal costs include, among other things, one-time employee termination benefits due to a reduction in work force.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and notes required for complete financial statements prepared under GAAP. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Our results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

For further information, refer to the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2024. Certain prior period amounts have been reclassified to conform to the current period presentation.

Principles of Consolidation

We consolidate all majority owned subsidiaries, investments in entities in which we have controlling influence and variable interest entities ("VIEs") where we have been determined to be the primary beneficiary. The portion of equity in a subsidiary not attributable, directly or indirectly, to us are recorded as noncontrolling interests or redeemable noncontrolling interests. Non-consolidated investments are accounted for using the equity method when we have the ability to significantly influence the operating decisions of the investee. When we do not have the ability to significantly influence the operating decisions of an investee, these equity securities are classified as either marketable investment securities or other investments, which will be initially recorded at cost, and based on observable market prices, will be adjusted to their fair value. We record fair value adjustments in "Other, net" within "Other Income (Expense)" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense for each reporting period. Estimates are based on historical experience, observable market inputs, and other reasonable assumptions in accounting for, among other things, allowances for credit losses, self-insurance obligations, deferred taxes and related valuation allowances, uncertain tax positions, loss contingencies, fair value of financial instruments, fair value of options granted under EchoStar’s stock-based compensation plans, fair value of assets and liabilities acquired in business combinations or as part of an asset acquisition, fair value of exit or disposal cost obligations, timing and amount of asset retirement obligations, inputs or outputs used to recognize revenue over time, including amortization periods for deferred contract acquisition costs and relative standalone selling prices of performance obligations, finance leases, asset impairments, estimates of future cash flows used to evaluate and recognize impairments, useful lives of property, equipment and intangible assets, incremental borrowing rate (“IBR”) on lease right of use assets, nonrefundable upfront fees, independent third-party retailer incentives and subscriber lives and likelihood of certain contingent events. Economic conditions may increase the inherent uncertainty in the estimates and assumptions indicated above. Actual results may differ from previously estimated amounts, and such differences may be material to our condensed consolidated financial statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected prospectively in the period they occur.

Concentration of Credit Risk

Cash and cash equivalents are maintained with several financial institutions domestically and internationally. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with investment-grade credit ratings. We routinely assess the financial strength of significant customers, and this assessment, combined with the large number and geographical diversity of its customers, limits our concentration of risk with respect to receivables from contracts with customers. As of September 30, 2025, our concentration of credit risk is approximately evenly spread across our portfolio of customers.

Fair Value Measurements

We determine fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Market or observable inputs are the preferred source of values, followed by unobservable inputs or assumptions based on hypothetical transactions in the absence of market inputs. We apply the following hierarchy in determining fair value:

- Level 1, defined as observable inputs being quoted prices in active markets for identical assets;
- Level 2, defined as observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets and liabilities in active markets; and quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3, defined as unobservable inputs for which little or no market data exists, consistent with reasonably available assumptions made by other participants therefore requiring assumptions based on the best information available.

As of September 30, 2025 and December 31, 2024, the carrying amount for cash and cash equivalents, trade accounts receivable (net of allowance for credit losses) and current liabilities (excluding the “Current portion of debt and other notes payable”) was equal to or approximated fair value due to their short-term nature or proximity to current market rates.

Fair values of our marketable investment securities are measured on a recurring basis based on a variety of observable market inputs. For our investments in publicly traded equity securities and U.S. government securities, fair value ordinarily is determined based on Level 1 measurements that reflect quoted prices for identical securities in active markets. Fair values of our investments in other marketable debt securities are generally based on Level 2 measurements as the markets for such debt securities are less active. We consider trades of identical debt securities on or near the measurement date as a strong indication of fair value and matrix pricing techniques that consider par value, coupon rate, credit quality, maturity and other relevant features may also be used to determine fair value of our investments in marketable debt securities. Additionally, we use fair value measurements from time to time in connection with other investments, asset impairment testing, exit or disposal cost obligations and the assignment of purchase consideration to assets in a non-cash exchange of assets and for assets and liabilities of acquired companies. Those fair value measurements typically include significant unobservable inputs and are categorized within Level 3 of the fair value hierarchy. Transfers between levels in the fair value hierarchy are considered to occur at the beginning of the quarterly accounting period. See Note 4 for the fair value of our marketable investment securities.

Fair values for our publicly traded debt securities are based on quoted market prices, when available. The fair values of non-publicly traded debt are based on, among other things, available trade information, valuations performed by a third party, and/or an analysis in which we evaluate market conditions, related securities, various public and private offerings, and other publicly available information. In performing this analysis, we make various assumptions regarding, among other things, credit spreads, and the impact of these factors on the value of the debt securities. The non-publicly traded debt is categorized within Level 3 of the fair value hierarchy. See Note 8 for the fair value of our debt.

Assets Recognized Related to the Costs to Obtain a Contract with a Customer

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales incentive programs, including those with our independent third-party retailers, meet the requirements to be capitalized, and payments made under these programs are capitalized and amortized to expense over the estimated customer life or the contract term. These amounts are capitalized in “Prepaids and other assets” and “Other noncurrent assets, net” on our Condensed Consolidated Balance Sheets, and then amortized in “Selling, general and administrative expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Advertising Costs

We recognize advertising expense when incurred as a component of “Selling, general and administrative expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Advertising expenses totaled $9 million and $11 million for the three months ended September 30, 2025 and 2024, respectively. Advertising expenses totaled $28 million and $35 million for the nine months ended September 30, 2025 and 2024, respectively.

Research and Development

Research and development costs, not incurred in connection with customer requirements, are expensed as incurred and are included as a component of “Selling, general and administrative expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Additionally, customer-related research and development costs are incurred in connection with the specific requirements of a customer’s order; in such instances, the amounts for these customer funded development efforts are also included in “Cost of sales - equipment and other” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Research and development costs totaled $12 million and $13 million for the three months ended September 30, 2025 and 2024, respectively. Research and development costs totaled $33 million and $49 million for the nine months ended September 30, 2025 and 2024, respectively.

New Accounting Pronouncements

Not Yet Adopted

Income Taxes. On December 14, 2023, the FASB issued ASU 2023-9*, Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”), which will enhance income tax disclosures. ASU 2023-09 requires among other items disaggregated information in a reporting entity’s rate reconciliation table, clarification on uncertain tax positions and the related financial statement impact as well as information on income taxes paid on a disaggregated basis. This standard is effective for fiscal years beginning after December 15, 2024. We will adopt the standard when it becomes effective for us beginning in our fiscal year 2025 annual financial statements, and the adoption of the standard will impact certain of our income tax disclosures.

Disaggregation of Income Statement Expenses. On November 5, 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)* (“ASU 2024-03”), which will enhance financial statement reporting by providing additional information about specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization. This standard will be effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. We are evaluating the impact the adoption of ASU 2024-03 will have on our condensed consolidated financial statements, related disclosures and control environment.

Financial Instruments – Credit Losses. On July 30, 2025, the FASB issued ASU 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* (“ASU 2025-05”), which allows entities to elect a practical expedient to assume current conditions as of the balance sheet date do not change for the remaining life of current accounts receivable and current contract assets arising from transactions under Topic 606 on revenue from contracts with customers. This standard is effective for fiscal years beginning after December 15, 2025. Early adoption is permitted. We plan to adopt the standard in our 2025 annual financial statements, and we expect the adoption of the standard will have an immaterial impact on our allowance for credit losses.

Intangibles – Goodwill and Other – Internal-Use Software. On September 18, 2025, the FASB issued ASU 2025-06, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"), which removes the references to the sequential software development stages from the guidance in Subtopic 350-40. Upon the adoption of ASU 2025-06, an entity is required to start capitalizing software costs when both of the following occur: (1) management has authorized and committed to funding the software project, and (2) it is probable that the project will be completed and the software will be used to perform the function intended. This standard is effective for fiscal years beginning after December 15, 2027. Early adoption is permitted. We are evaluating the impact the adoption of ASU 2025-06 will have on our condensed consolidated financial statements and related disclosures.

3. Supplemental Data - Statements of Cash Flows

The following table presents certain supplemental cash flow and other non-cash data. See Note 7 for supplemental cash flow and non-cash data related to leases.

	For the Nine Months Ended September 30,	
	2025	2024
	(In thousands)	
Cash paid for interest (including capitalized interest)	$ 95,902	$ 96,858
Cash paid for income taxes, net of (refunds) (1)	1,995	198,694
Accrued capital expenditures	4,223	4,356

(1) Amount paid for income taxes generally were remitted to our parent, EchoStar. See Note 12, for additional details on this related party transaction.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued
(Unaudited)

4. Marketable Investment Securities, Restricted Cash and Cash Equivalents, and Other Investments

Our marketable investment securities, restricted cash and cash equivalents, and other investments consisted of the following:

	As of	
	September 30, 2025	December 31, 2024
	(In thousands)	
Marketable investment securities:		
Current marketable investment securities:		
Corporate bonds	$ —	$ —
Commercial paper	—	—
Other debt securities	—	—
Total current marketable investment securities	—	—
Restricted cash and cash equivalents (1)	2,511	1,615
Other investments		
Equity method investments	10,495	12,238
Other investments	11,278	11,278
Total other investments	21,773	23,516
Total marketable investment securities, restricted cash and cash equivalents, and other investments	$ 24,284	$ 25,131

(1) Restricted cash and cash equivalents are included in "Other noncurrent assets, net" on our Condensed Consolidated Balance Sheets.

Equity Method Investments

Deluxe/EchoStar LLC

We own 50% of Deluxe/EchoStar LLC ("Deluxe"), a joint venture that we entered into in 2010 to build an advanced digital cinema satellite distribution network targeting delivery to digitally equipped theaters in the U.S. and Canada.

Broadband Connectivity Solutions (Restricted) Limited

We own 20% of Broadband Connectivity Solutions (Restricted) Limited (together with its subsidiaries, "BCS"), a joint venture that we entered into in 2018 to provide commercial Ka-band satellite broadband services across Africa, the Middle East and southwest Asia operating over Yahsat's Al Yah 2 and Al Yah 3 Ka-band satellites. The Al Yah 3 Ka-band satellite is no longer in service.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued
(Unaudited)

Fair Value Measurements

The following table presents our marketable investment securities categorized by the fair value hierarchy, certain of which have historically experienced volatility:

	As of					
	September 30, 2025			December 31, 2024		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
	(In thousands)					
Cash and cash equivalents (including restricted):						
Cash	$ 107,489	$ —	$ 107,489	$ 115,409	$ —	$ 115,409
Cash equivalents	11,344	2,698	14,042	1,819	88,585	90,404
Total	$ 118,833	$ 2,698	$ 121,531	$ 117,228	$ 88,585	$ 205,813
Available-for-sale debt securities:						
Corporate bonds	$ —	$ —	$ —	$ —	$ —	$ —
Commercial paper	—	—	—	—	—	—
Other debt securities	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —

As of September 30, 2025 and December 31, 2024, we did not have any investments that were categorized within, or transferred into or out of, Level 3 of the fair value hierarchy.

Gains and Losses on Sales and Changes in Carrying Amounts of Investments and Other

"Other, net" within "Other Income (Expense)" included on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Other, net:	**2025**	**2024**	**2025**	**2024**
	(In thousands)			
Marketable and non-marketable investment securities - realized and unrealized gains (losses)	$ 3	$ —	$ 14	$ 200
Equity in earnings (losses) of affiliates	(241)	(1,325)	257	(3,848)
Foreign currency transaction gains (losses)	1,285	473	5,501	(2,323)
Other	(34)	(127)	(60)	(114)
Total	$ 1,013	$ (979)	$ 5,712	$ (6,085)

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued
(Unaudited)

5. Inventory

Inventory consisted of the following:

	As of	
	September 30, 2025	December 31, 2024
	(In thousands)	
Finished goods	$ 110,154	$ 90,147
Work-in-process	46,968	30,302
Raw materials	33,975	30,594
Total inventory	$ 191,097	$ 151,043

6. Property and Equipment and Intangible Assets

Property and Equipment

Property and equipment consisted of the following:

	Depreciable Life (In Years)	As of	
		September 30, 2025	December 31, 2024
		(In thousands)	
Equipment leased to customers (1)	2 - 4	$ 795,926	$ 865,003
Satellites (2)	5 - 15	1,088,593	1,210,437
Satellites acquired under finance lease agreements	15	358,754	344,972
Furniture, fixtures, equipment and other	1 - 12	713,418	682,614
Software and computer equipment	1 - 5	351,798	300,255
Buildings and improvements	1 - 30	131,699	129,779
Land	-	13,603	13,460
Construction in progress	-	3,599	7,980
Total property and equipment		3,457,390	3,554,500
Accumulated depreciation		(2,478,213)	(2,457,310)
Property and equipment, net (3)		$ 979,177	$ 1,097,190

(1) This change includes the non-cash impairment of long-lived assets. See Note 1 for further information.
(2) All commercial traffic on the EchoStar IX satellite has been transferred to other satellites in our fleet and the EchoStar IX satellite is no longer in service. During the second quarter of 2025, we began the disposal process for the EchoStar IX satellite and the disposal process was completed in the third quarter of 2025.
(3) As of September 30, 2025 and December 31, 2024, there were no refunds and other receipts of purchases of property and equipment.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued
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Depreciation and amortization expense consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Equipment leased to customers	$ 28,630	$ 15,375	$ 83,761	$ 87,075
Satellites	23,432	26,357	70,124	79,902
Buildings, furniture, fixtures, equipment and other	14,740	33,690	47,513	63,767
Software and computer equipment	6,886	6,471	20,977	19,674
Intangible assets and other amortization expense	9,530	8,826	28,658	27,176
Total depreciation and amortization	$ 83,218	$ 90,719	$ 251,033	$ 277,594

Cost of sales and operating expense categories included in our accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) do not include depreciation and amortization expense related to satellites, equipment leased to customers, and amortization of development costs of externally marketed software.

Satellites

As of September 30, 2025, our satellite fleet consisted of six satellites in geosynchronous orbit approximately 22,300 miles above the equator, two of which we own and depreciate over their estimated useful life. We also lease four satellites, three of which we lease from third parties and are accounted for as finance leases and are depreciated over their economic life and one of which we lease from EchoStar which is accounted for as an operating lease.

As of September 30, 2025, our satellite fleet consisted of the following:

Satellites	Launch Date	Degree Orbital Location	Lease Termination Date
Owned:			
EchoStar XVII	July 2012	107	N/A
EchoStar XIX	December 2016	97.1	N/A
Finance leases:			
Eutelsat 65 West A	March 2016	65	July 2031
Telesat T19V	July 2018	63	August 2033
EchoStar 105/SES-11	October 2017	105	November 2030
Operating leases:			
EchoStar XXIV	July 2023	95.2	December 2030

As of June 2025, all commercial traffic on the Al Yah 3 satellite had been transferred to other satellites in our fleet and the Al Yah 3 satellite is no longer operational and is no longer in service.

Satellite-Related Commitments

As of September 30, 2025 and December 31, 2024 our satellite-related commitments, excluding in-orbit incentives and related party satellite lease commitments, were $38 million and $43 million, respectively. These include payments pursuant to regulatory authorizations, non-lease costs associated with our finance lease satellites, and commitments for satellite service arrangements.

In certain circumstances, the dates on which we are obligated to pay our contractual obligations could change.

Satellite Anomalies and Impairments

Our satellites may experience anomalies from time to time, some of which may have a significant adverse effect on their remaining useful lives, the commercial operation of the satellites or our operating results or financial position.

There can be no assurance that future anomalies will not impact the remaining useful life and/or commercial operation of any of the owned and leased satellites in our fleet. There can be no assurance that we can recover critical transmission capacity in the event one or more of our owned or leased in-orbit satellites were to fail. We are not aware of any anomalies with respect to our owned or leased satellites that have had any such significant adverse effect during the three and nine months ended September 30, 2025.

We generally do not carry commercial in-orbit insurance on any of the satellites that we own and therefore, we will bear the risk associated with any uninsured in-orbit satellite failures. However, pursuant to the terms of our joint venture agreement with Al Yah Satellite Communications Company PrJSC (“Yahsat”) in Brazil in 2019, we are required to maintain insurance for the Al Yah 3 Brazilian payload during the commercial in-orbit service of such payload, subject to certain limitations on coverage. The insurance policies were procured by Yahsat, under which we and Yahsat are the beneficiaries of any claims in proportion to their shareholdings. An insurance claim was submitted in the second quarter of 2023 for compensation with respect to the reduction in estimated useful life of the Al Yah 3 satellite. During the nine months ended September 30, 2025, we received a commitment from the insurance carrier for $5 million, of which we received $4 million in proceeds.

Fair Value of In-Orbit Incentives

As of September 30, 2025 and December 31, 2024, the fair values of our in-orbit incentive obligations approximated their carrying amounts of $36 million and $41 million, respectively.

7. Leases

Lessee Accounting

We enter into non-cancelable operating and finance leases for, among other things, satellites, satellite-related ground infrastructure, data centers, office space, warehouses and distribution centers. Substantially all of our leases have remaining lease terms from one to 13 years, with a weighted average remaining lease term of 5.8 years, some of which include renewal options, and some of which include options to terminate the leases within one year. For certain arrangements, the lease term includes the non-cancelable period plus the renewal period that we are reasonably certain to exercise.

Our Eutelsat 65 West A, Telesat T19V and EchoStar 105/SES-11 satellites are accounted for as finance leases. Substantially all of our remaining leases are accounted for as operating leases, including our EchoStar XXIV satellite lease. Refer to Note 12 for further details on the EchoStar XXIV operating lease.

The components of lease expense were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Operating lease cost:				
Operating lease cost	$ 6,707	$ 6,538	$ 19,932	$ 18,733
Operating lease cost - EchoStar XXIV	47,675	47,675	143,025	143,025
Total operating lease cost	54,382	54,213	162,957	161,758
Finance lease cost:				
Amortization of right-of-use assets	5,943	12,714	17,655	18,027
Interest on lease liabilities	—	—	—	—
Total finance lease cost	5,943	12,714	17,655	18,027
Total lease costs	$ 60,325	$ 66,927	$ 180,612	$ 179,785

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Supplemental cash flow information related to leases was as follows:

	For the Nine Months Ended September 30,	
	2025	2024
	(In thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 71,714	$ 267,244
Operating cash flows from finance leases	$ —	$ —
Financing cash flows from finance leases	$ —	$ —
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 1,543	$ —
Finance leases	$ —	$ —

Refer to Note 12 for further details on EchoStar XXIV operating lease.

The following table presents the amounts for ROU assets, lease liabilities, weighted-average lease terms and discount rates for operating and finance leases:

	As of	
	September 30, 2025	December 31, 2024
	(In thousands)	
Right-of-use assets:		
Operating	$ 859,763	$ 939,896
Finance	171,840	183,391
Total right-of-use assets	$ 1,031,603	$ 1,123,287
Lease liabilities:		
Current:		
Operating	$ 172,960	$ 72,393
Finance	—	—
Total current	172,960	72,393
Noncurrent:		
Operating	741,219	830,629
Finance	—	—
Total noncurrent	741,219	830,629
Total lease liabilities	$ 914,179	$ 903,022
Weighted Average Remaining Lease Term:		
Finance leases	0.0 years	0.0 years
Operating leases	5.8 years	6.6 years
Weighted Average Discount Rate:		
Finance leases	— %	— %
Operating leases	12.0 %	12.0 %

As of September 30, 2025 and December 31, 2024, we have prepaid our obligations regarding all of our finance ROU assets. Finance lease assets are reported net of accumulated amortization of $187 million and $162 million as of September 30, 2025 and December 31, 2024, respectively. Certain of our finance leases are subject to fluctuations in exchange rates.

Maturities of lease liabilities as of September 30, 2025 were as follows:

For the Years Ending December 31,	Total
	(In thousands)
2025 (remaining three months)	$ 102,126
2026	217,017
2027	215,495
2028	213,225
2029	212,240
Thereafter	272,823
Total lease payments	1,232,926
Less: Imputed interest	(318,747)
Total	914,179
Less: Current portion	(172,960)
Long-term portion of lease obligations	$ 741,219

Lessor Accounting

We lease satellite capacity, communications equipment and real estate to certain of our customers. The following table presents our lease revenue by type of lease:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Sales-type lease revenue:				
Revenue at lease commencement	$ 726	$ 2,508	$ 3,885	$ 4,052
Interest income	426	476	1,251	1,555
Total sales-type lease revenue	1,152	2,984	5,136	5,607
Operating lease revenue	7,378	4,998	11,970	15,858
Total lease revenue (1)	$ 8,530	$ 7,982	$ 17,106	$ 21,465

(1) The reduction in total lease revenue for the nine months ended September 30, 2025 relates to the loss of a single significant customer.

Substantially all of our net investment in sales-type leases consisted of lease receivables totaling $21 million and $26 million as of September 30, 2025 and December 31, 2024, respectively.

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The following table presents future operating lease payments to be received as of September 30, 2025:

For the Years Ending December 31,	Total
	(In thousands)
2025 (remaining three months)	$ 4,078
2026	10,074
2027	6,450
2028	4,152
2029	3,303
Thereafter	1,997
Total lease payments to be received	$ 30,054

8. Long-Term Debt and Other Notes Payable

Fair Value of our Debt

The following table summarizes the carrying amount and fair value of our debt facilities as of September 30, 2025 and December 31, 2024:

	As of			
	September 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
5 1/4% Senior Secured Notes due 2026 (1) (2)	$ 750,000	$ 736,485	$ 750,000	$ 686,475
6 5/8% Senior Notes due 2026 (2)	750,000	715,380	750,000	595,725
Other notes payable	40,140	40,140	44,774	44,774
Subtotal	1,540,140	$ 1,492,005	1,544,774	$ 1,326,974
Unamortized deferred financing costs and other debt discounts, net	(812)		(1,509)	
Total	1,539,328		1,543,265	
Less: current portion	(1,510,952)		(9,548)	
Total debt and other notes payable, net of current portion	$ 28,376		$ 1,533,717	

(1) During the nine months ended September 30, 2025, our parent, EchoStar, purchased approximately $123 million of our 5 1/4% Senior Secured Notes due 2026 in open market trades. The repurchase is held at EchoStar.
(2) These notes have been reclassified to “Current portion of debt and other notes payable” on our Condensed Consolidated Balance Sheets as of September 30, 2025.

We estimated the fair value of our publicly traded long-term debt using market prices in less active markets (Level 2).

9. Commitments and Contingencies

Litigation

We are involved in a number of legal proceedings (including those described below) concerning matters arising in connection with the conduct of our business activities. Many of these proceedings are at preliminary stages, and many of these proceedings seek an indeterminate amount of damages. We regularly evaluate the status of the legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss or an additional loss may have been incurred and to determine if accruals are appropriate. If accruals are not appropriate, we further evaluate each legal proceeding to assess whether an estimate of the possible loss or range of possible loss can be made.

For certain cases described on the following pages, management is unable to provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons, (i) the proceedings are in various stages; (ii) damages have not been sought; (iii) damages are unsupported and/or exaggerated; (iv) there is uncertainty as to the outcome of pending appeals or motions; (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories to be presented or a large number of parties. For these cases, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material adverse effect on our financial condition, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

License Fee Dispute with Government of India, Department of Telecommunications

In 1994, the Government of India promulgated a “National Telecommunications Policy” under which the government liberalized the telecommunications sector and required telecommunications service providers to pay fixed license fees. Pursuant to this policy, our subsidiary Hughes Communications India Private Limited (“HCIPL”), formerly known as Hughes Escorts Communications Limited, obtained a license to operate a data network over satellite using VSAT systems. In 2002, HCIPL’s license was amended pursuant to a 1999 government policy that eliminated fixed license fees and replaced them with license fees based on service providers’ adjusted gross revenue (“AGR”). In March 2005, the Indian Department of Telecommunications (“DOT”) notified HCIPL that, based on its review of HCIPL’s audited accounts and AGR statements, HCIPL must pay additional license fees and penalties and interest on such fees and penalties. HCIPL responded that the DOT had improperly calculated its AGR by including revenue from both licensed and unlicensed activities.

The DOT rejected this explanation and in 2006, HCIPL filed a petition with an administrative tribunal (the “Tribunal”), challenging the DOT’s calculation of its AGR. The DOT also issued license fee assessments to other telecommunications service providers and those other providers filed similar petitions with the Tribunal. These petitions were amended, consolidated, remanded and re-appealed several times. On April 23, 2015, the Tribunal issued a judgment affirming the DOT’s calculation of AGR for the telecommunications service providers but reversing the DOT’s imposition of interest, penalties and interest on such penalties as excessive.

Over subsequent years, the DOT and HCIPL and other telecommunications service providers, respectively, filed several appeals of the Tribunal’s ruling. On October 24, 2019, the Supreme Court of India (“Supreme Court”) issued an order (the “October 2019 Order”) affirming the license fee assessments imposed by the DOT, including its imposition of interest, penalties and interest on the penalties, but without indicating the amount HCIPL was required to pay the DOT, and ordering payment by January 23, 2020. On November 23, 2019, HCIPL and other telecommunication service providers filed a petition asking the Supreme Court to reconsider the October 2019 Order.

The petition was denied on January 20, 2020. On January 22, 2020, HCIPL and other telecommunication service providers filed an application requesting that the Supreme Court modify the October 2019 Order to permit the DOT to calculate the final amount due and extend HCIPL's and the other telecommunication service providers' payment deadline. On February 14, 2020, the Supreme Court directed HCIPL and the other telecommunication service providers to explain why the Supreme Court should not initiate contempt proceedings for failure to pay the amounts due.

During a hearing on March 18, 2020, the Supreme Court ordered that all amounts that were due before the October 2019 Order must be paid, including interest, penalties and interest on the penalties. The Supreme Court also ordered that the parties appear for a further hearing addressing, among other things, a proposal by the DOT to allow for extended or deferred payments of amounts due. On June 11, 2020, the Supreme Court ordered HCIPL and the other telecommunication service providers to submit affidavits addressing the proposal made by the DOT to extend the time frame for payment of the amounts owed and for HCIPL and the other telecommunication providers to provide security for such payments.

On September 1, 2020, the Supreme Court issued a judgment permitting a 10-year payment schedule. Under this payment schedule, HCIPL is required to make an annual payment every March 31, through 2031. Following the Supreme Court of India's October 2019 judgment, HCIPL made payments during the first quarter of 2020, and additional payments on each March 31 thereafter. As of September 30, 2025, the gross amount of fees, penalties and interest owed was approximately $91 million with $46 million remaining outstanding as a result of historical payments.

Pursuant to the Contribution and Membership Interest Purchase Agreement (the "Purchase Agreement") dated December 3, 2004 between The DirecTV Group, Inc. ("DirecTV") and certain other entities relating to DirecTV's spinoff of certain of its subsidiaries, including HCIPL, DirecTV undertook to indemnify HCIPL for certain pre-closing tax liabilities. On March 27, 2020, HCIPL filed an indemnification complaint against DirecTV in the United States District Court for the Southern District of New York, seeking to recover certain license fees, penalties and interest owed to the Indian government as a result of the aforementioned proceedings. On November 16, 2021, the New York court granted summary judgment in favor of DirecTV, but on June 22, 2023, the United States Court of Appeals for the Second Circuit reversed, holding that, under the Purchase Agreement, HCIPL is entitled to indemnification from DirecTV. The Second Circuit remanded the case back to the trial court to determine the amount of indemnification owed. The parties reached a conditional agreement to settle the matter, but the conditions were not met, so the stay entered on October 3, 2024 was lifted on November 22, 2024. On July 8, 2025, a magistrate judge issued a report and recommendation that DirecTV should have to indemnify HCIPL only for license fees, penalties and interest that would have been owing to the DOT as of the April 22, 2005 closing date of the spinoff, but not the penalties and interest that compounded on such pre-closing amounts during the course of the litigation in India. By agreement of the parties, the case was dismissed on September 2, 2025. This matter is now concluded.

The following table presents the components of the accrual:

	As of	
	September 30, 2025	December 31, 2024
	(In thousands)	
Additional license fees	$ 3,195	$ 3,314
Penalties	3,279	3,402
Interest on license fees and penalties	84,326	84,643
Less: Payments	(45,100)	(36,929)
Total accrual	45,700	54,430
Less: Current portion (1)	9,504	9,860
Total long-term accrual (2)(3)	$ 36,196	$ 44,570

(1) The current portion of the accrual is included in "Accrued expenses" on our Condensed Consolidated Balance Sheets.
(2) The long-term portion of the accrual is included in "Other noncurrent liabilities" on our Condensed Consolidated Balance Sheets.
(3) The amount owed must be paid in Indian Rupees.

Any eventual payments made with respect to the ultimate outcome of this matter may be different from our accrual and such differences could be significant.

Hughes Telecomunicações do Brasil v. State of São Paulo Treasury Department

On December 12, 2019, Hughes Telecomunicações do Brasil ("HTB") filed a tax annulment claim in the Judicial Court of São Paulo, claiming that a tax assessment from the State Treasury of São Paulo, for the period from January 2013 to December 2014, was based on an erroneous interpretation of an exemption to the ICMS (a state tax on, among other things, communications).

In June 2022, a judicial expert determined that HTB's interpretation of the exemption was correct. Nonetheless, in July 2023, the Court entered judgment against HTB, and in October 2023, rejected HTB's request for clarification. In November 2023, HTB filed an appeal to the Court of Justice, but on February 25, 2025, the Court of Justice ruled against HTB. On March 14, 2025, HTB filed a motion seeking clarification, but that motion was denied on October 24, 2025.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit.

Other

In addition to the above actions, we are subject to various other legal proceedings and claims that arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial condition, results of operations or liquidity, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

10. Segment Reporting

Our chief operating decision maker ("CODM") is our President and Chief Executive Officer. "OIBDA," defined as "Operating income (loss)" plus "Depreciation and amortization," is the primary measure used by our CODM to evaluate segment operating performance.

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The CODM regularly reviews budget-to-actual variances of OIBDA when evaluating segment performance and allocating resources to each segment. The CODM is not regularly provided assets in evaluating the results of our Hughes segment; therefore, such information is not presented.

We manage our business activities on a consolidated basis and operate as a single operating segment, Hughes.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Hughes	**2025**	**2024**	**2025**	**2024**
	(In thousands)			
Revenue				
Service revenue	$ 268,294	$ 295,935	$ 820,249	$ 919,344
Equipment sales and other revenue	71,821	86,461	220,954	232,675
Total revenue	340,115	382,396	1,041,203	1,152,019
Operating Expenses				
Cost of services:				
Connectivity services (1)	97,318	99,164	291,838	297,795
Other (2)	62,699	72,716	188,265	216,649
Total cost of services	160,017	171,880	480,103	514,444
Cost of sales - equipment and other	67,830	74,242	212,825	208,905
Selling, general and administrative expenses:				
Subscriber acquisition costs	42,868	46,000	130,864	140,449
Selling, general and administrative expenses	36,210	52,285	111,435	154,544
Total selling, general and administrative expenses	79,078	98,285	242,299	294,993
Impairments and other (Note 1)	10,581	—	10,581	—
OIBDA (3)	22,609	37,989	95,395	133,677
Depreciation and amortization	83,218	90,719	251,033	277,594
Total costs and expenses	400,724	435,126	1,196,841	1,295,936
Operating income (loss)	$ (60,609)	$ (52,730)	$ (155,638)	$ (143,917)
Interest income	2,522	2,322	7,269	22,892
Interest expense, net of amounts capitalized	(24,386)	(24,695)	(74,697)	(74,139)
Other, net	1,013	(979)	5,712	(6,085)
Total other income (expense)	(20,851)	(23,352)	(61,716)	(57,332)
Income (loss) before income taxes	(81,460)	(76,082)	(217,354)	(201,249)
Income tax benefit (provision), net	21,490	15,822	50,521	32,848
Net income (loss)	$ (59,970)	$ (60,260)	$ (166,833)	$ (168,401)
Purchases of property and equipment	$ (28,760)	$ (44,448)	$ (90,101)	$ (168,097)

(1) "Connectivity services" is the cost to deliver our services and products to customers, which includes, among other things, satellite and transmission and other related costs.

(2) “Other” primarily consists of variable costs including call center, manufacturing, dealer incentive, bad debt, billing and other variable costs, as well as costs to retain our subscribers.
(3) OIBDA is a non-GAAP measure and does not purport to be an alternative to operating income (loss) as a measure of operating performance. We believe this measure is useful to management, investors and other users of our financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciation and amortization expenses related primarily to capital expenditures and acquisitions, as well as in evaluating operating performance in relation to our competitors.

11. Revenue Recognition

Contract Balances

The following table presents the activity in our allowance for credit losses:

	For the Nine Months Ended September 30,	
	2025	2024
	(In thousands)	
Balance, beginning of period	$ 11,314	$ 20,399
Current period provision for expected credit losses	11,579	21,107
Write-offs charged against allowance	(11,002)	(25,880)
Foreign currency translation	97	(263)
Balance, end of period	$ 11,988	$ 15,363

As of September 30, 2025, we have accounts receivable balances of $18 million for certain customers in Mexico and Brazil, a portion of which have been fully reserved in “Other noncurrent assets, net” on our Condensed Consolidated Balance Sheets.

Contract assets arise when we recognize revenue for providing goods or services in advance of billing our customers. Our contract assets typically relate to our long-term contracts where we recognize revenue using the cost-based input method and the revenue recognized exceeds the amount billed to the customer.

Our contract assets also include receivables related to sales-type leases recognized over the lease term as the customer is billed. Contract assets are amortized as the customer is billed for services. Contract assets are recorded in “Trade accounts receivable and contract assets, net” on our Condensed Consolidated Balance Sheets.

Contract liabilities arise when we bill our customers and receive consideration in advance of providing the goods or service. Contract liabilities are recognized as revenue when the service or equipment has been provided to the customer. Contract liabilities are recorded in “Contract liabilities” or “Other noncurrent liabilities” on our Condensed Consolidated Balance Sheets.

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The following table summarizes our contract asset and liability balances:

	As of September 30, 2025	As of December 31, 2024
	(In thousands)	
Contract assets	$ 154,829	$ 108,007
Contract liabilities		
Current	$ 87,100	$ 81,558
Noncurrent	434	1,068
Total contract liabilities	$ 87,534	$ 82,626

Our beginning of period contract liability recorded as customer contract revenue during 2025 was $60 million.

Performance Obligations

As of September 30, 2025, the remaining performance obligations for our customer contracts was approximately $1.5 billion. Performance obligations expected to be satisfied within one year and greater than one year are 29% and 71%, respectively. This amount and percentages exclude leasing arrangements and agreements with consumer customers.

Contract Acquisition Costs

The following table presents the activity in our contract acquisition costs, net:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Balance, beginning of period	$ 56,340	$ 55,519	$ 57,337	$ 49,343
Additions	7,814	11,999	25,940	37,919
Amortization expense	(10,145)	(9,675)	(30,041)	(28,518)
Foreign currency translation	172	36	945	(865)
Balance, end of period	$ 54,181	$ 57,879	$ 54,181	$ 57,879

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Disaggregation of Revenue

Geographic Information

Revenue is attributed to geographic markets based upon the billing location of the customer. The following tables present our revenue from customer contracts disaggregated by primary geographic market:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
North America	$ 269,003	$ 305,610	$ 839,416	$ 925,163
South and Central America	33,197	35,524	96,750	106,840
Other	37,915	41,262	105,037	120,016
Total revenue	$ 340,115	$ 382,396	$ 1,041,203	$ 1,152,019

Nature of Products and Services

The following tables present our revenue disaggregated by the nature of products and services:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Service revenue:				
Services	$ 260,916	$ 290,937	$ 808,279	$ 903,486
Lease revenue	7,378	4,998	11,970	15,858
Total service revenue	268,294	295,935	820,249	919,344
Equipment sales and other revenue:				
Equipment sales	40,371	46,907	103,186	130,496
Design, development and construction services	30,442	36,570	112,632	96,572
Lease revenue	1,008	2,984	5,136	5,607
Total equipment and other revenue	71,821	86,461	220,954	232,675
Total revenue	$ 340,115	$ 382,396	$ 1,041,203	$ 1,152,019

12. Related Party Transactions

Related Party Transactions with EchoStar, our Parent, and its subsidiaries.

The following is a summary of the terms of our principal agreements with EchoStar, our parent, and its subsidiaries, that may have an impact on our financial condition and results of operations.

"Trade accounts receivable"

As of September 30, 2025 and December 31, 2024, trade accounts receivable from EchoStar was $38 million and $23 million, respectively. These amounts are recorded in "Other current assets" on our Condensed Consolidated Balance Sheets.

"Noncurrent receivables"

As of September 30, 2025 and December 31, 2024, noncurrent receivables from EchoStar was $93 million and $83 million, respectively. These amounts are recorded in "Other noncurrent assets, net" on our Condensed Consolidated Balance Sheets.

"Trade accounts payable"

As of September 30, 2025 and December 31, 2024, trade accounts payable to EchoStar was $34 million and $41 million, respectively. These amounts are recorded in "Trade accounts payable" and "Other current liabilities" on our Condensed Consolidated Balance Sheets.

"Noncurrent payables"

As of September 30, 2025 and December 31, 2024, noncurrent payables to EchoStar was $28 million and $26 million, respectively. These amounts are recorded in "Other noncurrent liabilities" on our Condensed Consolidated Balance Sheets.

"Current operating lease liabilities"

As of September 30, 2025 and December 31, 2024, current operating lease liabilities to EchoStar was $156 million and $56 million, respectively. These amounts are recorded in "Operating lease liabilities" on our Condensed Consolidated Balance Sheets and relate to the lease of the EchoStar XXIV satellite.

"Noncurrent operating lease liabilities"

As of September 30, 2025 and December 31, 2024, noncurrent operating lease liabilities to EchoStar was $615 million and $695 million, respectively. These amounts are recorded in "Operating lease liabilities, noncurrent" on our Condensed Consolidated Balance Sheets.

"Service revenue"

During the three months ended September 30, 2025 and 2024, we received $2 million and $4 million for services provided to EchoStar. During the nine months ended September 30, 2025 and 2024, we received $8 million and $11 million, respectively, for the services provided to EchoStar. These amounts are recorded in "Service revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these revenues are discussed below.

TerreStar Agreement. In March 2012, DISH Network completed its acquisition of substantially all the assets of TerreStar Networks Inc. ("TerreStar"). Prior to DISH Network's acquisition of substantially all the assets of TerreStar and EchoStar's completion of the Hughes Acquisition, TerreStar and Hughes Network Systems L.L.C. ("HNS") entered into various agreements pursuant to which we provide, among other things, warranty, operations and maintenance and hosting services for TerreStar's ground-based communications equipment (the "TerreStar Agreements").

In May 2022, we and EchoStar amended the agreement for the provision of hosting services to extend the term until May 2027. We and EchoStar amended the agreements for warranty, operations, and maintenance services for TerreStar ground-based communications equipment, effective as of January 1, 2025, to extend the existing pricing and other terms through December 31, 2025. EchoStar generally has the right to continue to receive warranty services from us for our products on a month-to-month basis unless terminated by EchoStar upon at least 21 days' written notice to us.

EchoStar generally has the right to continue to receive operations and maintenance services from us on a quarter-to-quarter basis unless these services are terminated by EchoStar upon at least 90 days' written notice to us. In addition, EchoStar generally may terminate any and all services for convenience subject to providing us with prior notice and/or payment of termination charges.

TerreStar Solutions. EchoStar has an investment in TerreStar Solutions, Inc. ("TSI"), an entity that provides wireless mobile communication coverage in Canada using a satellite user terminal, that results in EchoStar having significant influence in the entity. In May 2018, we and TSI entered into an equipment and services agreement pursuant to which we design, manufacture and install upgraded ground communications network equipment for TSI's network and provide, among other things, warranty and support services.

DBSD North America Agreement. In March 2012, DISH Network completed its acquisition of all of the equity of DBSD North America, Inc. ("DBSD North America"). Following the Merger, DISH Network's ownership of DBSD North America was sold to our parent company, EchoStar, such that EchoStar now owns all of the equity of DBSD North America. Prior to DISH Network's acquisition of DBSD North America and EchoStar's completion of the Hughes Acquisition, DBSD North America and HNS entered into various agreements pursuant to which we provide, among other things, warranty, operations and maintenance and hosting services of DBSD North America's gateway and ground-based communications equipment. DBSD North America has the right to continue to receive operations and maintenance services from us on a quarter-to-quarter basis, unless terminated by DBSD North America upon at least 120 days' written notice to us. The provision of hosting services will continue until February 2027 unless terminated by DBSD North America upon at least 180 days' written notice to us. In addition, DBSD North America generally may terminate any and all such services for convenience, subject to providing us with prior notice and/or payment of termination charges. We and DBSD North America amended the agreements for warranty, operations, and maintenance services for DBSD's gateway and ground-based communications equipment, effective as of January 1, 2025, to extend the existing pricing and other terms through December 31, 2025.

EchoStar Mobile Limited Service Agreements. We provide services and lease equipment to support the business of EchoStar Mobile Limited, a subsidiary of EchoStar that is licensed by the EU to provide mobile satellite services and complementary ground component services covering the entire EU using S-Band spectrum. Additionally, we have converted the receivables for certain of these services into loans, bearing an annual interest rate of 5%. These loans are included within "Other noncurrent assets, net" on our Condensed Consolidated Balance Sheets.

Hughes Broadband Distribution Agreement. Effective October 2012, we and EchoStar entered into a Distribution Agreement (the "Distribution Agreement") pursuant to which EchoStar has the right, but not the obligation, to market, sell and distribute our satellite Internet service (the "Service") and to purchase certain broadband equipment from us to support the sale of the Service for an extended initial term that ended March 1, 2024. Thereafter, the Distribution Agreement automatically renews for successive one-year terms unless either party gives written notice of its intent not to renew to the other party at least 180 days before the expiration of the then-current term. Upon expiration or termination of the Distribution Agreement, the parties will continue to provide the Service pursuant to the terms and conditions of the Distribution Agreement.

Hughes Equipment and Services Agreement. In February 2019, we and EchoStar entered into an agreement pursuant to which we will provide EchoStar with satellite Internet service and equipment for the transmission of certain data related to EchoStar's 5G Network Deployment. This agreement had an initial term that ended February 2024 with automatic renewal for successive one-year terms unless terminated by EchoStar with at least 180 days' written notice to us or by us with at least 365 days' written notice to EchoStar.

"Equipment sales and other revenue"

During the three months ended September 30, 2025 and 2024, we received $2 million and zero, respectively, for services provided to EchoStar. During the nine months ended September 30, 2025 and 2024, we received $2 million and zero, respectively, for services provided to EchoStar. These amounts are recorded in "Equipment sales and other revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

"Cost of services"

During the three months ended September 30, 2025 and 2024, we incurred $49 million and $50 million, respectively, of costs for services provided to us by EchoStar. During each of the nine months ended September 30, 2025 and 2024, we incurred $147 million of costs for services provided to us by EchoStar. These amounts are recorded in "Cost of services" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these expenses are discussed below.

EchoStar XXIV Satellite Lease. Effective December 2023, we lease all of the capacity of the EchoStar XXIV satellite under an operating lease from EchoStar for a term of seven years for a monthly lease charge of approximately $16 million. We prepaid $185 million in lease obligations under the agreement during the year ended December 31, 2024. The prepayments resulted in the lease liability and associated asset being remeasured. The prepayment ended in March 2025 with regular payments continuing in April 2025.

TT&C Agreement – Master Transaction Agreement. In September 2019, we entered into an agreement pursuant to which EchoStar provides TT&C services to us for an initial term that ended in September 2021, (the "MTA TT&C Agreement"). In September 2021, we amended the MTA TT&C Agreement to extend the term until September 2022 and added the option for us to renew for three one-year renewal terms ending in September 2025 Effective September 2025, the MTA TT&C Agreement was extended on a month-to-month basis. Either party is able to terminate the MTA TT&C Agreement for any reason upon 12 months' notice.

"Cost of sales – equipment and other"

During the three months ended September 30, 2025 and 2024, we incurred less than $1 million and $1 million, respectively, for satellite hosting, operations and maintenance services as well as transmission of certain data to EchoStar. During the nine months ended September 30, 2025 and 2024, we incurred $2 million and $2 million, respectively, for satellite hosting, operations and maintenance services as well as transmission of certain data to EchoStar. These amounts are recorded in "Cost of sales – equipment and other" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these expenses are discussed below.

Professional Services Agreement. Effective January 2010, we and EchoStar entered into the Professional Services Agreement, pursuant to which we have the right, but not the obligation, to receive the following services from EchoStar, among others: information technology, travel and event coordination, internal audit, legal, accounting and tax, benefits administration, program acquisition services and other support services, including uplink services. Additionally, we and EchoStar agreed that EchoStar shall continue to have the right, but not the obligation, to engage us to manage the process of procuring new satellite capacity for EchoStar and receive logistics, procurement and quality assurance services from us and other support services. In February 2017 and in September 2019, we and EchoStar amended the Professional Services Agreement to, among other things, provide certain transition services to each other. The Professional Services Agreement renews automatically for successive one-year periods, unless terminated earlier by either party upon at least 60 days' notice. However, either party may terminate the Professional Services Agreement in part with respect to any particular service it receives for any reason upon at least 30 days' notice.

Whidbey Island 5G Network Test Bed Subcontract. Effective June 2022, we entered into certain agreements pursuant to which EchoStar provides us access and use of a lab, technical support and integration, and testing support for the 5G network test bed. In addition, we lease certain wireless spectrum, and receive construction and related services. We may terminate this agreement at any time by providing written notice to EchoStar.

"Selling, general and administrative expenses"

During each of the three months ended September 30, 2025 and 2024, we incurred less than $1 million for selling, general and administrative expenses for services provided to us by EchoStar. During each of the nine months ended September 30, 2025 and 2024, we incurred $1 million for selling, general and administrative expenses for services provided to us by EchoStar. These amounts are recorded in "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these expenses are discussed below.

Shared Corporate Services. We and EchoStar, including EchoStar's other subsidiaries, have agreed that we shall each have the right, but not the obligation, to receive from the other certain shared corporate services, including among other things: treasury, tax, accounting and reporting, risk management, cybersecurity, legal, internal audit, human resources, and information technology. We and EchoStar may each terminate a particular shared corporate service for any reason upon at least 30 days' notice.

Collocation and Antenna Space Agreements. We entered into certain agreements pursuant to which EchoStar provides certain collocation and antenna space to us. We may terminate certain of these agreements with 180 days' prior written notice to EchoStar and for certain other agreements with prior written notice no more than 120 days but no less than 90 days prior to the end of the then-current term. The term of each agreement is set forth below:

- Effective March 2017 for an initial term that ended in February 2022 and renewal options ending in February 2034 at the following locations: Cheyenne, Wyoming; Gilbert, Arizona; Monee, Illinois; Englewood, Colorado; and Spokane, Washington.
- Effective August 2017 for an initial term that ended in August 2022 and renewal options ending in August 2034 at the following locations: Monee, Illinois and Spokane, Washington. In March 2024, we provided a termination notice for one of the Spokane, Washington agreements, effective April 2024.
- Effective January 2022 for an initial term ending December 2026 and renewal options ending in December 2038 at the following location: Englewood, Colorado.
- Effective October 2020 with renewal options ending in October 2037 at the following location: Cheyenne, Wyoming.

Real Estate. We occupy certain office space in buildings owned or leased by EchoStar and its other subsidiaries and pay a portion of the taxes, insurance, utilities and maintenance of the premises in accordance with the percentage of the space we occupy.

Other Agreements – EchoStar

Hughes Broadband Master Services Agreement. In March 2017, we and EchoStar entered into the Master Services Agreement ("MSA") pursuant to which EchoStar, among other things: (i) have the right, but not the obligation, to market, promote and solicit orders for our satellite Internet service and related equipment; and (ii) install service equipment with respect to activations EchoStar generates. The MSA had an initial term that ended March 2022 with automatic renewal for successive one-year terms. Either party has the ability to terminate the MSA, in whole or in part, for any reason upon at least 90 days' notice to the other party. Upon expiration or termination of the MSA, we will continue to provide the satellite Internet service to subscribers and make certain payments to EchoStar pursuant to the terms and conditions of the MSA.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued
(Unaudited)

For each of the three months ended September 30, 2025 and 2024, we incurred sales incentives and other costs under the MSA totaling less than $1 million. For the nine months ended September 30, 2025 and 2024, we incurred sales incentives and other costs under the MSA totaling $2 million and $1 million, respectively. These costs are capitalized and amortized to expense over the estimated customer life or the contract term. See Note 2 “Assets Recognized Related to the Costs to Obtain a Contract with a Customer” for further information. During each of the three months ended September 30, 2025 and 2024 the amounts amortized to expense were less than $1 million. During each of the nine months ended September 30, 2025 and 2024 the amounts amortized to expense were $1 million. These costs are expensed in “Selling, general and administrative expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Cash Advances. EchoStar and certain of its other subsidiaries have also provided cash advances to certain of our foreign subsidiaries to fund certain expenditures pursuant to loan agreements. Advances under these agreements bear interest at annual rates of three percent.

Dividends. On February 15, 2024, our Board of Directors declared and approved payment of a cash dividend on our outstanding common stock to our shareholder and parent, EchoStar, in the amount of $529 million. Payment of this dividend was made in the first quarter of 2024.

On March 12, 2024, our Board of Directors declared and approved payment of a cash dividend on the Company’s outstanding common stock to our shareholder and parent, EchoStar, in the amount of $500 million. Payment of the dividend was made in the first quarter of 2024.

Joint Ventures and Cost Investments

Deluxe/EchoStar LLC

We own 50% of Deluxe, a joint venture that we entered into in 2010 to build an advanced digital cinema satellite distribution network targeting delivery to digitally equipped theaters in the U.S. and Canada. Refer to Note 4 for more information.

The table below summarizes our transactions with Deluxe:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Revenue from Deluxe	$ 1,419	$ 1,331	$ 4,081	$ 4,080

	As of September 30,	As of December 31,
	2025	2024
	(In thousands)	
Trade accounts receivable from Deluxe	$ 1,071	$ 992

During the nine months ended September 30, 2025 and 2024 we received dividends from Deluxe totaling $2 million and $5 million, respectively.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued
(Unaudited)

Broadband Connectivity Solutions (Restricted) Limited

We own 20% of BCS, a joint venture that we entered into in 2018 to provide commercial Ka-band satellite broadband services across Africa, the Middle East and southwest Asia operating over Yahsat's Al Yah 2 and Al Yah 3 Ka-band satellites. The Al Yah 3 Ka-band satellite is no longer in service.

The table below summarizes our transactions with BCS:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Revenue from BCS	$ 752	$ 979	$ 2,285	$ 2,328

	As of	
	September 30,	December 31,
	2025	2024
	(In thousands)	
Trade accounts receivable from BCS	$ 934	$ 2,572

Hughes Systique Corporation ("Hughes Systique")

We hold certain equity in Hughes Systique and contract with Hughes Systique for software development services.

The table below summarizes our transactions with Hughes Systique:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Purchases from Hughes Systique	$ 3,910	$ 4,236	$ 12,058	$ 13,211

	As of	
	September 30,	December 31,
	2025	2024
	(In thousands)	
Amounts payable to Hughes Systique	$ 1,331	$ 1,466

13. Subsequent Events

Amended and Restated License Purchase Agreement

On November 5, 2025, our parent, EchoStar, SpaceX and Trust, entered into an Amended and Restated License Purchase Agreement (the "Amended and Restated SpaceX License Purchase Agreement," and the transactions contemplated thereby, the "Amended SpaceX Transactions"). The Amended and Restated SpaceX License Purchase Agreement amends and restates in its entirety the SpaceX License Purchase Agreement, dated as of September 7, 2025, by and among EchoStar, SpaceX and Trust.

Pursuant to the Amended and Restated SpaceX License Purchase Agreement, our parent, EchoStar and SpaceX have agreed to revise the terms of the previously announced transaction to include the transfer of up to an aggregate of 15 MHz of AWS spectrum in the frequency range of 1695–1710 MHz for each relevant license area (the "AWS-3 Licenses") from EchoStar to SpaceX in exchange for additional consideration of $2.6 billion, all of which will be paid in SpaceX's Class A Common Stock, valued at $212 per share. As a result of this change, the total consideration for the SpaceX Transactions has increased from $17 billion to approximately $20 billion, with up to $11 billion to be paid in SpaceX's Class A Common Stock, valued at $212 per share.

Except as set forth above, the material terms of the Amended and Restated SpaceX License Purchase Agreement are substantially the same as the terms of the SpaceX License Purchase Agreement. The SpaceX License Purchase Agreement was filed as an exhibit to EchoStar's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025.

The foregoing description of the Amended and Restated SpaceX License Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the Amended and Restated SpaceX License Purchase Agreement, which will be filed as an exhibit to EchoStar's next Annual Report on Form 10-K.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS

You should read the following Management's Narrative Analysis of Results of Operations together with the condensed consolidated financial statements and notes to our financial statements included elsewhere in this Quarterly Report on Form 10-Q. This management's narrative analysis is intended to help provide an understanding of our financial condition, changes in financial condition and results of our operations and contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2024 and this Quarterly Report on Form 10-Q under the caption "Item 1A. Risk Factors." Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q, and we expressly disclaim any obligation to update any forward-looking statements.

EXECUTIVE SUMMARY

Recent Developments

FCC Review

In the third quarter of 2025, our parent, EchoStar resolved the previously disclosed review by the Federal Communications Commission (the "FCC") into EchoStar's compliance with its buildout milestones and other obligations regarding EchoStar's federal spectrum licenses. EchoStar previously received a letter from the FCC on May 9, 2025, indicating that the FCC was beginning a review of their compliance with certain obligations to provide 5G broadband service and raising certain questions regarding the September 2024 buildout extension granted by the FCC and mobile-satellite service ("MSS") utilization in the 2 GHz band (the "May 9 Letter"). EchoStar responded to the FCC's subsequent public notices with filings on May 27, 2025 and June 6, 2025.

During the second quarter and the beginning of the third quarter of 2025, the potential ramifications of the FCC review to EchoStar's business required them to, among other things, reevaluate the deployment of their resources and as a result, EchoStar elected not to make interest payments on a certain portion of their long-term senior notes on their respective scheduled due dates. EchoStar subsequently made such payments, including interest on the defaulted interest, within the applicable 30-day grace periods. See Note 9 of our parent, EchoStar's Quarterly Report on form 10-Q for the quarter ended September 30, 2025 for further information.

The FCC review introduced the possibility of reversing prior FCC grants of authority to EchoStar. The FCC made it clear that it viewed EchoStar's spectrum as being underutilized and deemed their continued ownership of such spectrum licenses inconsistent with the public interest, and that they must sell a material amount of spectrum licenses or face a wide-ranging license revocation. Accordingly, as a result of these unforeseeable actions by the FCC that were outside of EchoStar's control, they entered into the AT&T Transactions, as defined in EchoStar's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 and the SpaceX Transactions, as defined below, whereby EchoStar agreed to sell a material amount of their spectrum licenses. In August 2025, following these transactions, EchoStar began the abandonment and decommission process for certain portions of their 5G Network that will not be utilized in their Hybrid MNO business. Furthermore, EchoStar believes the FCC's actions and the resulting AT&T Transactions and SpaceX Transactions constitute one or more force majeure events under certain of their 5G Network-related contracts.

On September 8, 2025, EchoStar received a follow-up letter from the FCC (the "September 8 Letter"). The September 8 Letter states, among other things, that FCC Chairman Carr has "asked FCC staff to bring the agency's investigation to conclusion" by directing FCC staff to: "(1) dismiss VTel Wireless's petition for reconsideration; (2) confirm that EchoStar holds exclusive terrestrial and MSS rights over the AWS-4 spectrum to which it is currently licensed; and (3) find that relevant FCC buildout and other related obligations have been satisfied by EchoStar in view of the company's current FCC milestones."

SpaceX License Purchase Agreement

On September 7, 2025, our parent, EchoStar, Space Exploration Technologies Corp., a Texas corporation ("SpaceX"), and Spectrum Business Trust 2025-1, a Nevada Business Trust ("Trust"), entered into a License Purchase Agreement (the "SpaceX License Purchase Agreement," and the transactions contemplated thereby, the "SpaceX Transactions").

Pursuant to the terms and subject to the conditions set forth in the SpaceX License Purchase Agreement, our parent EchoStar, agreed to sell to SpaceX their rights and licenses related to an aggregate of 50 MHz of spectrum in frequency ranges 2000–2020, 2180–2200, 1915–1920 and 1995– 2000 (the "AWS-4 and H-Block Licenses" and such spectrum, "the Spectrum") granted by the FCC, together with certain international authorizations, filings, concessions, licenses, rights and priorities related to that spectrum and certain assets associated therewith (collectively, the "Foreign Assets").

The transfer of the AWS-4 and H-Block Licenses will occur in two steps: first, the AWS-4 and H-Block Licenses will be transferred by EchoStar to the Trust (the "Spectrum Transfer Closing"), and second, the AWS-4 and H-Block Licenses will be transferred by the Trust to SpaceX (the "Spectrum Acquisition Closing"). The Foreign Assets will be transferred directly to SpaceX at the Spectrum Acquisition Closing, to the extent the required regulatory approvals have been obtained by such date; provided, however, that the failure to obtain such approvals will not delay or prevent the Spectrum Acquisition Closing.

The consideration for the SpaceX Transactions payable at the Spectrum Acquisition Closing is $17 billion (the "Total Consideration Amount"). A portion of the Total Consideration Amount (such amount, the "Total Payoff Consideration Amount") will be used to (i) fully pay off all outstanding amounts owed on EchoStar's 10 3/4% Senior Secured Notes due 2029 (the "10 3/4% Secured Notes") and 6 3/4% Senior Secured due 2030 (the "6 3/4% Secured Notes") and (ii) settle the anticipated redemption and conversions of EchoStar's 3 7/8% Convertible Secured Notes due 2030 (the "Convertible Notes due 2030" and, together with the 10 3/4% Secured Notes and the 6 3/4% Secured Notes, the "Seller Notes"). The remaining amount after paying off the Seller Notes (the "Purchase Price") will be paid by SpaceX to EchoStar as follows: (i) up to $8.5 billion will be paid in SpaceX's Class A Common Stock, valued at $212 per share (the "Equity Amount"); and (ii) any amount of the Purchase Price exceeding $8.5 billion will be paid in cash. If the Total Payoff Consideration Amount exceeds $8.5 billion, EchoStar may elect to pay the excess in cash, EchoStar's Class A Common Stock (with respect to the Convertible Notes due 2030), or both, to maintain EchoStar's receipt of the full Equity Amount. However, if EchoStar elects not to pay such excess amount, the Equity Amount will be reduced dollar-for-dollar to ensure that the combined Equity Amount and Total Payoff Consideration Amount do not exceed the Total Consideration Amount. As of September 30, 2025, the aggregate principal amount outstanding of the Seller Notes was $9.826 billion and is secured by the AWS-4 and AWS-3 Licenses.

The Spectrum Acquisition Closing is expected to occur on or about November 30, 2027, following the expiration of the make-whole period for the Seller Notes and the date on which the Convertible Notes due 2030 become eligible for redemption. If SpaceX elects to proceed with the Spectrum Acquisition Closing prior to November 30, 2027, SpaceX will be responsible for any additional amounts required to satisfy the Seller Notes, other than additional amounts payable as a result of a default under the Seller Notes.

Additionally, in connection with the SpaceX License Purchase Agreement and the SpaceX Transactions, on September 7, 2025, SpaceX and the Trust entered into a Credit Agreement, pursuant to which SpaceX has agreed upon the Spectrum Transfer Closing to loan to the Trust (via automatically cancellable loans) amounts sufficient to make debt service payments on the Seller Notes through at least November 30, 2027 (the "Interim Debt Service"), which will be secured on a junior lien basis by the AWS-4 and H-Block Licenses. The aggregate amount of payments for the Interim Debt Service through November 30, 2027 will equal approximately $2 billion and will be settled via a loan between EchoStar and SpaceX that automatically cancels upon the completion of the Spectrum Acquisition Closing. The Credit Agreement is generally on standard commercial terms and conditions and, as a beneficiary of the Credit Agreement, EchoStar has the ability to enforce the parties obligations under the Agreement

The SpaceX Transactions are subject to a number of terms and conditions set forth in the SpaceX License Purchase Agreement. The completion of the SpaceX Transactions are subject to the satisfaction or waiver of customary closing conditions, including, among others, receipt of certain consents and approvals from the FCC and DOJ. The SpaceX License Purchase Agreement also provides for specified termination rights.

The SpaceX License Purchase Agreement also provides for future long-term commercial agreements that will enable EchoStar to offer their Wireless subscribers access to SpaceX's next-generation Starlink Direct to Cell text and voice and broadband services utilizing certain rights and licenses related to the Spectrum that are to be conveyed by EchoStar to SpaceX at the Spectrum Acquisition Closing. The commercial agreements will also provide for a fee-based referral program that lets us refer existing HughesNet customers and new Starlink customers to SpaceX.

The description of the SpaceX License Purchase Agreement is not complete and is qualified in its entirety by reference to the License Purchase Agreement filed as an exhibit in EchoStar's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025.

Please see Note 13 for additional information on this transaction subsequent to September 30, 2025.

Impairments and Other

Under the SpaceX Transactions, SpaceX has the sole option to acquire certain satellite assets and certain regulatory authorizations from us and our parent, EchoStar. This option was considered a triggering event and resulted in our review for impairment of certain of our international licenses and ground equipment necessary to operate our and our parent's assets included in the SpaceX Transactions. Additionally, we and our parent, EchoStar are no longer pursuing a business plan to utilize those complementary assets and as such our assets have no future use. Management determined based on our undiscounted future net cash flows that the carrying amount of certain assets, individually or as part of an asset group were not recoverable. This conclusion was made in connection with the preparation and review of the financial statements required to be included in this Quarterly Report on Form 10-Q. Management then determined the fair value of certain assets or asset groups using the market approach. Due to the specialized use and company specific nature of each asset or asset group, management determined the fair values to be nominal, resulting in non-cash impairment charges. During the three and nine months ended September 30, 2025, we recorded a $11 million non-cash impairment charge in "Impairments and other" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 1 in the Notes to our Condensed Consolidated Financial Statements for further information.

Overview

Our industry continues to evolve with the increasing worldwide demand for broadband internet access for information, entertainment and commerce. In addition to fiber and wireless systems, technologies such as geostationary high throughput satellites, low-earth orbit ("LEO") networks, medium-earth orbit ("MEO") systems and multi-transport networks using combinations of technologies are expected to continue to play significant roles in enabling global connectivity, networks and services. We expect demand for broadband internet access, connectivity, networking and related value-added services will continue to grow across all major end-user sectors – consumer, businesses, enterprises and government. We intend to use our expertise, technologies, capital, investments, global presence, relationships and other capabilities to continue to provide broadband internet systems, equipment, networks and managed services for information, the internet-of-things, entertainment, education, remote-connectivity and commerce across industries and communities globally for consumer and enterprise customers. We are closely tracking the developments in next-generation satellite businesses, and we are seeking to utilize our services, technologies, licenses and expertise to find new commercial opportunities for our business.

We manage our business activities on a consolidated basis and operate as a single operating segment: Hughes. See Note 10 in the Notes to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for information regarding our segment reporting.

Our business strategy is to maintain and improve our leadership position and competitive advantage through development of leading-edge technologies and services marketed to selected sectors within the consumer, enterprise and government markets globally. We are an industry leader in both networking technologies and services, innovating to deliver the global solutions that power a connected future for people, enterprises and things everywhere.

Liquidity and Capital Resources

Operational Liquidity

We primarily rely on our existing cash, cash equivalents and marketable investment securities balances, as well as cash generated from operations, to fund our business operations. Consumer revenue depends on our success in adding new and retaining existing subscribers. Revenue in our enterprise and equipment businesses relies heavily on global economic conditions and the competitive landscape for pricing relative to competitors and alternative technologies. There can be no assurance that we will have positive cash flows from operations. If we experience negative cash flows, our existing cash, cash equivalents and marketable investment securities balances may be further reduced.

Future Liquidity

We have made cash distributions to partially finance the consolidated operations and debt service payment obligations of our parent company, EchoStar, and its subsidiaries. On February 15, 2024, the Company's Board of Directors declared and approved payment of a cash dividend on the Company's outstanding stock to our shareholder and parent, EchoStar, in the amount of $529 million. On March 12, 2024, the Company's Board of Directors declared and approved payment of a cash dividend on the Company's outstanding common stock to EchoStar in the amount of $500 million. Payment of both dividends was made in the first quarter of 2024.

While we currently do not intend to declare additional dividends on our common stock, we may elect to do so from time to time. Payment of any future dividends will depend upon our earnings, capital requirements, contractual restrictions and other factors the Board of Directors considers appropriate. We currently intend to retain our earnings, if any, to support operations, debt services, future growth and expansion. Our ability to declare dividends is affected by the covenants in our indentures.

Due to our liquidity concerns, we are no longer able to make additional funds available to EchoStar in the form of prepayments for services rendered or loans to finance, in whole or in part, EchoStar's future operations and debt service obligations.

We do not currently have cash, cash equivalents, marketable investment securities balances and/or projected future cash flows to fund our 2026 debt maturities. We will need to refinance or restructure all or a portion of such obligations prior to maturity.

Covenants and Restrictions Related to our Senior Notes

The indentures related to our outstanding senior notes contain restrictive covenants that, among other things, impose limitations on our ability to: (i) incur additional indebtedness; (ii) enter into sale and leaseback transactions; (iii) pay dividends or make distributions on our capital stock or repurchase our capital stock; (iv) restrict our subsidiaries' ability to pay dividends, make distributions, make other payments, or transfer assets; (v) make certain investments; (vi) create liens; (vii) enter into certain transactions with affiliates; (viii) merge or consolidate with another company; and (ix) transfer or sell assets. Should we fail to comply with these covenants, all or a portion of the debt under the senior notes, senior secured notes and our other long-term debt could become immediately payable. The senior notes and senior secured notes also provide that the debt may be required to be prepaid if certain change-in-control events occur. As of the date of filing of this Quarterly Report on Form 10-Q, we were in compliance with the covenants and restrictions related to our long-term debt.

EXPLANATION OF KEY METRICS AND OTHER ITEMS

Service revenue. "Service revenue" consists principally includes the sales of consumer and enterprise broadband services, maintenance and other contracted services, revenue associated with satellite and transponder leases and services, satellite uplinking/downlinking, and subscriber wholesale service fees for the HughesNet service. Certain of the amounts included in "Service revenue" are not recurring on a monthly basis.

Equipment sales and other revenue. "Equipment sales and other revenue" principally includes broadband equipment and networks sold both to customers in our consumer and enterprise markets.

Cost of services. "Cost of services" primarily includes the cost of broadband services provided to our consumer and enterprise customers, maintenance and other contracted services, and costs associated with satellite and transponder leases and services.

Cost of sales - equipment and other. "Cost of sales - equipment and other" principally consists of the cost of broadband equipment and networks provided to customers in our consumer and enterprise markets. It also includes certain other costs associated with the deployment of equipment to our customers.

Selling, general and administrative expenses. "Selling, general and administrative expenses" primarily include selling costs, and employee-related costs associated with administrative services such as legal, information systems, accounting and finance, and including bad debt expense. It also includes research and development expenses associated with the design and development of products to support future growth and provide new technology and innovation to our customers, professional fees, and other expenses associated with facilities and administrative services.

Impairments and other. "Impairments and other" may include, among other things, non-cash impairment and other losses related to our property and equipment, regulatory authorizations, operating lease assets, goodwill and other intangible assets, as well as estimated exit and disposal costs.

Interest income. "Interest income" primarily includes interest earned on our cash, cash equivalents and marketable investment securities, and other investments including premium amortization, discount accretion on debt securities, and changes in allowance for estimated credit losses on investments.

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" primarily includes interest expense associated with our long-term debt (net of capitalized interest), prepayment premiums, amortization of debt discounts and debt issuance costs associated with our long-term debt, and interest expense associated with our finance lease obligations.

Other, net. "Other, net" primarily includes gains and losses realized on the sale of marketable and non-marketable investment securities, impairment of marketable and non-marketable investment securities, impairment of our equity method investments, unrealized gains and losses from changes in fair value of certain marketable and non-marketable investment securities, foreign currency transaction gains and losses, equity in earnings and losses of our affiliates, dividends received from our marketable investment securities, and other non-operating income and expense items that are not appropriately classified elsewhere in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) in our Condensed Consolidated Financial Statements.

Operating income before depreciation and amortization ("OIBDA"). OIBDA is defined as "Operating income (loss)" plus "Depreciation and amortization." This "non-GAAP measure" is reconciled to "Operating income (loss)" in our discussion of "Results of Operations" below.

Broadband subscribers. Broadband subscribers include domestic and international customers that subscribe to our HughesNet service, through retail, wholesale and small/medium enterprise service channels.

Hughes Segment

We are an industry leader in both networking technologies and services, innovating to deliver the global solutions that power a connected future for people, enterprises and things everywhere. We provide broadband services to consumer customers, which include home and small to medium-sized businesses, and satellite, multi-transport technologies and managed network services to enterprise customers, telecommunications providers, airlines and government entities, including civilian and defense.

We have leveraged the EchoStar XXIV satellite to deliver satellite services to unserved and underserved consumer markets in the Americas as well as enterprise, aeronautical and government markets. Effective December 2023, we lease the capacity of EchoStar XXIV from EchoStar.

We also design, provide and install gateway and terminal equipment to customers for other satellite systems. In addition, we design, develop, construct and provide telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers. We offer a robust suite of integrated, multi-transport solutions to enable airline and airline service providers to deliver reliable in-flight network connectivity serving both commercial and business aviation.

Our Hughes segment continues to focus its efforts on optimizing financial returns on our satellite portfolio. Our consumer revenue business depends on our success in adding new and retaining existing subscribers, as well as maintaining or growing our Average Revenue Per User/Subscriber ("ARPU"). Service and acquisition costs related to ongoing support for our direct and indirect customers and partners are typically impacted most significantly by our growth. The growth of our enterprise and consumer businesses relies heavily on global economic conditions and the competitive landscape for pricing relative to competitors and alternative technologies. Prior to the launch of EchoStar XXIV, we were nearing or had reached capacity in most areas of the U.S., which constrained growth within our consumer subscriber base. Growth within our Latin America consumer subscriber base in certain areas had also become capacity constrained. These constraints have been addressed by the EchoStar XXIV satellite.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Backlog

As of September 30, 2025, our Hughes segment had $1.5 billion of contracted revenue backlog. We define the Hughes segment contracted revenue backlog as our expected future revenue under enterprise customer contracts that are non-cancelable, including lease revenue.

Competition

Our industry is highly competitive. As a global provider of network technologies, products and services, we compete with a large number of telecommunications and satellite internet service providers.

In our enterprise markets, we compete against multiple categories of providers. In the managed services area, we compete against providers of satellite-based and terrestrial-based networks, including fiber optic, cable, wireless internet service and internet protocol-based virtual private networks (VPN), which vary by region. In the in-flight connectivity market, we compete against direct and indirect providers of in-flight WiFi services, such as ViaSat Communications, Inc. which is owned by ViaSat, Inc. ("ViaSat") and Starlink Services LLC, which is owned by SpaceX.

In our consumer broadband satellite technologies and internet services markets, we compete against traditional telecommunications and wireless carriers, other satellite internet providers, as well as fiber optic, cable and wireless internet service providers. Our primary satellite competitors in the North American consumer market are ViaSat and SpaceX. Both ViaSat and SpaceX have also entered the South and Central American consumer markets. Our principal competitors for the supply of satellite technology platforms are Gilat Satellite Networks Ltd, ViaSat and ST Engineering iDirect, Inc.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

RESULTS OF OPERATIONS

Three Months Ended September 30, 2025 Compared to the Three Months Ended September 30, 2024

The following table presents our condensed consolidated results of operations for the three months ended September 30, 2025 compared to the three months ended September 30, 2024:

Statements of Operations Data	For the Three Months Ended September 30, 2025	2024	Variance Amount	%
		(In thousands)		
Revenue:				
Service revenue	$ 268,294	$ 295,935	$ (27,641)	(9.3)
Equipment sales and other revenue	71,821	86,461	(14,640)	(16.9)
Total revenue	340,115	382,396	(42,281)	(11.1)
Costs and Expenses:				
Cost of services	160,017	171,880	(11,863)	(6.9)
% of Service revenue	**59.6%**	**58.1%**		
Cost of sales - equipment and other	67,830	74,242	(6,412)	(8.6)
% of Equipment sales and other revenue	**94.4%**	**85.9%**		
Selling, general and administrative expenses	79,078	98,285	(19,207)	(19.5)
% of Total revenue	**23.3%**	**25.7%**		
Depreciation and amortization	83,218	90,719	(7,501)	(8.3)
Impairments and other	10,581	—	10,581	*
Total costs and expenses	400,724	435,126	(34,402)	(7.9)
Operating income (loss)	(60,609)	(52,730)	(7,879)	(14.9)
Other Income (Expense):				
Interest income	2,522	2,322	200	8.6
Interest expense, net of amounts capitalized	(24,386)	(24,695)	309	1.3
Other, net	1,013	(979)	1,992	*
Total other income (expense)	(20,851)	(23,352)	2,501	10.7
Income (loss) before income taxes	(81,460)	(76,082)	(5,378)	(7.1)
Income tax benefit (provision), net	21,490	15,822	5,668	35.8
Effective tax rate	**26.4%**	**20.8%**		
Net income (loss)	(59,970)	(60,260)	290	0.5
Less: Net income (loss) attributable to noncontrolling interests	(162)	(2,003)	1,841	91.9
Net income (loss) attributable to HSSC	$ (59,808)	$ (58,257)	$ (1,551)	(2.7)
Other data:				
Broadband subscribers, as of period end (in millions)	0.783	0.912	(0.129)	(14.1)
Broadband subscribers additions (losses), net (in millions)	(0.036)	(0.043)	0.007	16.3
Purchases of property and equipment	$ 28,760	$ 44,448	$ (15,688)	(35.3)
OIBDA**	$ 22,609	$ 37,989	$ (15,380)	(40.5)

* Percentage is not meaningful.

** A reconciliation of "OIBDA" to "Operating income (loss)," the most directly comparable GAAP measure in our Condensed Consolidated Financial Statements, is included in *Non-GAAP Performance Measures and Reconciliation*. For further information on our use of "OIBDA," see Explanation of Key Metrics and Other Items.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

The following discussion relates to our results of operations for the three months ended September 30, 2025 compared to the three months ended September 30, 2024:

Broadband subscribers. We lost approximately 36,000 net Broadband subscribers for the three months ended September 30, 2025 compared to the loss of approximately 43,000 net Broadband subscribers during the same period in 2024. The decrease in net Broadband subscriber losses was primarily due to lower subscriber disconnects due to expanded satellite capacity and increased subscriber service satisfaction, partially offset by lower gross subscriber additions. We continue to experience increased competition from satellite-based competitors and other technologies.

Service revenue. "Service revenue" totaled $268 million for the three months ended September 30, 2025, a decrease of $28 million, or 9.3%, as compared to 2024. The decrease was primarily attributable to lower sales of broadband services to our North American and international consumer customers and our North American enterprise customers.

Equipment sales and other revenue. "Equipment sales and other revenue" totaled $72 million for the three months ended September 30, 2025, a decrease of $15 million, or 16.9%, as compared to 2024. The decrease was primarily attributable to lower hardware sales to our North American and international enterprise customers.

Cost of services. "Cost of services" totaled $160 million for the three months ended September 30, 2025, a decrease of $12 million, or 6.9%, as compared to 2024. The decrease was primarily attributable to lower costs of broadband services to our North American and international consumer customers and our North American enterprise customers. Our "Cost of services" represented 59.6% and 58.1% of "Service revenue" during the three months ended September 30, 2025 and 2024, respectively. This increase was primarily attributable to a change in mix to lower margin services.

Cost of sales - equipment and other. "Cost of sales - equipment and other" totaled $68 million for the three months ended September 30, 2025, a decrease of $6 million, or 8.6%, as compared to 2024. The decrease was primarily attributable to lower costs of equipment to our North American and international enterprise customers. Our "Cost of sales – equipment and other" represented 94.4% and 85.9% of "Equipment sales and other revenue" during the three months ended September 30, 2025 and 2024, respectively. This increase primarily resulted from a change in mix to lower margin products.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $79 million for the three months ended September 30, 2025, a decrease of $19 million, or 19.5%, as compared to 2024. The decrease was primarily attributable to lower bad debt expense and lower marketing expenditures.

Depreciation and amortization. "Depreciation and amortization" expense totaled $83 million for the three months ended September 30, 2025, a decrease of $8 million, or 8.3%, as compared to 2024. The decrease was primarily attributable to lower equipment and satellite depreciation expense.

Impairments and other. "Impairments and other" totaled $11 million during the three months ended September 30, 2025. In August 2025, as a result of the SpaceX Transactions, we and our parent, EchoStar are no longer pursuing a business plan to utilize certain of our international licenses and ground equipment necessary to operate our complementary assets and our parent's assets, both of which are included in the SpaceX Transactions, resulting in an impairment. As a result, we recorded non-cash impairment charges related to our property and equipment and regulatory authorizations, and estimated exit, disposal and other costs. See Note 1 in the Notes to our Condensed Consolidated Financial Statements for further information.

Income tax benefit (provision), net. Our "Income tax benefit (provision), net" was a $21 million benefit for the three months ended September 30, 2025, as compared to a $16 million benefit for the three months ended September 30, 2024. This change was primarily related to increases in loss before income taxes and changes in our effective tax rate. Our effective tax rate during the three months ended September 30, 2025 was impacted by the tax benefit of stock option exercises, partially offset by foreign valuation allowances. Our effective tax rate during the three months ended September 30, 2024 was impacted by federal and foreign valuation allowances.

Net income (loss) attributable to HSSC. The changes in "Net income (loss) attributable to HSSC" during the three months ended September 30, 2025 compared to the same period in 2024 were primarily a result of the factors described in connection with operating revenues and operating expenses.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Nine Months Ended September 30, 2025 Compared to the Nine Months Ended September 30, 2024

The following table presents our condensed consolidated results of operations for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024:

Statements of Operations Data	For the Nine Months Ended September 30, 2025	For the Nine Months Ended September 30, 2024	Variance Amount	Variance %
		(In thousands)		
Revenue:				
Service revenue	$ 820,249	$ 919,344	$ (99,095)	(10.8)
Equipment sales and other revenue	220,954	232,675	(11,721)	(5.0)
Total revenue	1,041,203	1,152,019	(110,816)	(9.6)
Costs and Expenses:				
Cost of services	480,103	514,444	(34,341)	(6.7)
% of Service revenue	**58.5%**	**56.0%**		
Cost of sales - equipment and other	212,825	208,905	3,920	1.9
% of Equipment sales and other revenue	**96.3%**	**89.8%**		
Selling, general and administrative expenses	242,299	294,993	(52,694)	(17.9)
% of Total revenue	**23.3%**	**25.6%**		
Depreciation and amortization	251,033	277,594	(26,561)	(9.6)
Impairments and other	10,581	—	10,581	*
Total costs and expenses	1,196,841	1,295,936	(99,095)	(7.6)
Operating income (loss)	(155,638)	(143,917)	(11,721)	(8.1)
Other Income (Expense):				
Interest income	7,269	22,892	(15,623)	(68.2)
Interest expense, net of amounts capitalized	(74,697)	(74,139)	(558)	(0.8)
Other, net	5,712	(6,085)	11,797	*
Total other income (expense)	(61,716)	(57,332)	(4,384)	(7.6)
Income (loss) before income taxes	(217,354)	(201,249)	(16,105)	(8.0)
Income tax benefit (provision), net	50,521	32,848	17,673	53.8
Effective tax rate	**23.2%**	**16.3%**		
Net income (loss)	(166,833)	(168,401)	1,568	0.9
Less: Net income (loss) attributable to noncontrolling interests	(1,544)	(8,543)	6,999	81.9
Net income (loss) attributable to HSSC	$ (165,289)	$ (159,858)	$ (5,431)	(3.4)
Other data:				
Broadband subscribers, as of period end (in millions)	0.783	0.912	(0.129)	(14.1)
Broadband subscribers additions (losses), net (in millions)	(0.100)	(0.092)	(0.008)	(8.7)
Purchases of property and equipment, net of refunds	$ 90,101	$ 168,097	$ (77,996)	(46.4)
OIBDA**	$ 95,395	$ 133,677	$ (38,282)	(28.6)

* Percentage is not meaningful.

** A reconciliation of "OIBDA" to "Operating income (loss)," the most directly comparable GAAP measure in our Condensed Consolidated Financial Statements, is included in *Non-GAAP Performance Measures and Reconciliation*. For further information on our use of "OIBDA," see Explanation of Key Metrics and Other Items.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

The following discussion relates to our results of operations for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024:

Broadband subscribers. We lost approximately 100,000 net Broadband subscribers for the nine months ended September 30, 2025 compared to the loss of approximately 92,000 net Broadband subscribers during the same period in 2024. The increase in net Broadband subscriber losses was primarily due to lower gross subscriber additions, partially offset by lower subscriber disconnects due to expanded satellite capacity and increased subscriber service satisfaction. We continue to experience increased competition from satellite based competitors and other technologies.

Service revenue. "Service revenue" totaled $820 million for the nine months ended September 30, 2025, a decrease of $99 million, or 10.8%, as compared to 2024. The decrease was primarily attributable to lower sales of broadband services to our North American and international consumer customers and our North American enterprise customers.

Equipment sales and other revenue. "Equipment sales and other revenue" totaled $221 million for the nine months ended September 30, 2025, a decrease of $12 million, or 5.0% as compared to 2024. The decrease was primarily attributable to lower hardware sales to our international enterprise customers, partially offset by an increase in hardware sales to our North American enterprise customers.

Cost of services. "Cost of services" totaled $480 million for the nine months ended September 30, 2025, a decrease of $34 million, or 6.7%, as compared to 2024. The decrease was primarily attributable to lower costs of broadband services to both our North American and international consumer and enterprise customers. Our "Cost of services" represented 58.5% and 56.0% of "Service revenue" during the nine months ended September 30, 2025 and 2024, respectively. This increase was primarily attributable to a change in mix to lower margin services.

Cost of sales - equipment and other. **"**Cost of sales - equipment and other" totaled $213 million for the nine months ended September 30, 2025, an increase of $4 million, or 1.9% as compared to 2024. The increase was primarily attributable to higher costs of equipment to our North American enterprise customers, partially offset by a decrease in equipment costs to our international enterprise customers. Our "Cost of sales – equipment and other" represented 96.3% and 89.8% of "Equipment sales and other revenue" during the nine months ended September 30, 2025 and 2024, respectively. The nine months ended September 30, 2025 was negatively impacted by a one-time project charge.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $242 million for the nine months ended September 30, 2025, a decrease of $53 million, or 17.9%, as compared to 2024. The decrease was primarily attributable to lower bad debt expense, a decrease in costs to support the Company and lower marketing expenditures.

Depreciation and amortization. "Depreciation and amortization" expense totaled $251 million for the nine months ended September 30, 2025, a decrease of $27 million, or 9.6%, as compared to 2024. The decrease was primarily attributable to lower equipment and satellite depreciation expense.

Impairments and other. "Impairments and other" totaled $11 million during the nine months ended September 30, 2025. In August 2025, as a result of the SpaceX Transactions, we and our parent, EchoStar are no longer pursuing a business plan to utilize certain of our international licenses and ground equipment necessary to operate our complementary assets and our parent's assets, both of which are included in the SpaceX Transactions, resulting in an impairment. As a result, we recorded non-cash impairment charges related to our property and equipment and regulatory authorizations, and estimated exit, disposal and other costs. See Note 1 in the Notes to our Condensed Consolidated Financial Statements for further information.

Interest income. **"**Interest income" totaled $7 million for the nine months ended September 30, 2025 a decrease of $16 million, or 68.2% as compared to 2024. This decrease primarily resulted from lower average cash and marketable investment securities balances, and lower percentage of returns earned on our cash and marketable investment securities balances during the nine months ended September 30, 2025.

Income tax benefit (provision), net. Our "Income tax benefit (provision), net" was a $51 million benefit for the nine months ended September 30, 2025, as compared to a $33 million benefit for the nine months ended September 30, 2024. This change was primarily related to increases in loss before income taxes and changes in our effective tax rate. Our effective tax rate during the nine months ended September 30, 2025 was impacted by the tax benefit of stock option exercises, partially offset by foreign valuation allowances. Our effective tax rate during the nine months ended September 30, 2024 was impacted by federal and foreign valuation allowances and an increase in our uncertain tax positions.

Net income (loss) attributable to HSSC. The changes in "Net income (loss) attributable to HSSC" during the nine months ended September 30, 2025 compared to the same period in 2024 were primarily a result of the factors described in connection with operating revenues and operating expenses.

Non-GAAP Performance Measures and Reconciliation

It is management's intent to provide non-GAAP financial information to enhance the understanding of our financial information prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. We believe that providing these non-GAAP measures in addition to the GAAP measures allows management, investors and other users of our financial information to more fully and accurately assess both consolidated and segment performance. The non-GAAP financial information presented may be determined or calculated differently by other companies and may not be directly comparable to that of other companies.

OIBDA

OIBDA, which is presented below, is a non-GAAP measure and does not purport to be an alternative to operating income (loss) as a measure of operating performance. We believe this measure is useful to management, investors and other users of our financial information in evaluating operating profitability of our business on a more variable cost basis as it excludes the depreciation and amortization expenses related primarily to capital expenditures and acquisitions, as well as in evaluating operating performance in relation to our competitors. OIBDA is calculated by adding back depreciation and amortization expense to operating income (loss).

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Operating income (loss)	$ (60,609)	$ (52,730)	$ (155,638)	$ (143,917)
Depreciation and amortization	83,218	90,719	251,033	277,594
OIBDA	$ 22,609	$ 37,989	$ 95,395	$ 133,677

The changes in OIBDA during the three and nine months ended September 30, 2025 compared to the same period in 2024, were primarily a result of the factors described in connection with operating revenues and operating expenses.

GUARANTOR FINANCIAL INFORMATION

Our senior notes are jointly and severally guaranteed on a senior secured basis by certain of our wholly-owned subsidiaries (the “Guarantors”). Specifically, EchoStar Orbital, L.L.C., EchoStar Government Services, L.L.C., EchoStar Satellite Services L.L.C., HNS-India VSAT, Inc, Hughes Network Systems, L.L.C, HNS License-Sub L.L.C., HNS Real Estate L.L.C., Hughes Communications, Inc., Hughes Network Systems International Service, Co., HNS Americas, L.L.C., HNS Americas II, L.L.C.

Certain of our wholly-owned subsidiaries are designated as “Unrestricted Subsidiaries” and do not guarantee any of our registered senior notes. The guarantee of the Guarantors will be discharged and released in accordance with the terms of the applicable indenture. The rights of holders of the registered senior notes against the Guarantors may be limited under the U.S. Bankruptcy Code or state fraudulent transfer or conveyance law.

Each entity in the summarized combined financial information follows the same accounting policies as described in our condensed consolidated financial statements. Information for the non-Guarantor subsidiaries has been excluded from the combined summarized financial information of the obligated group. The accompanying summarized combined financial information does not reflect investments of the obligated group in non-Guarantor subsidiaries. The financial information of the obligated group is presented on a combined basis and is derived from HSSC’s condensed consolidated financial statements; intercompany balances and transactions within the obligated group have been eliminated. The obligated group’s amounts due to non-Guarantor subsidiaries and related parties have been presented in separate line items.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

The summarized balance sheet information for the combined obligor group of debt issued by HSSC is presented in the table below:

	As of	
	September 30, 2025	December 31, 2024
	(In thousands)	
Current assets	$ 545,278	$ 572,781
Noncurrent assets	2,375,816	2,575,931
Current liabilities	1,983,711	410,630
Noncurrent liabilities	933,168	2,588,899
Due from non-guarantors	82,934	91,679
Due from related parties	48,784	19,881
Due to non-guarantors	29,933	38,880
Due to related parties	839,733	788,633

The summarized results of operations information for the combined obligor group of debt issued by HSSC is presented in the table below:

	For the Nine Months Ended
	September 30, 2025
	(In thousands)
Total revenues	$ 876,094
Operating income (loss)	(145,916)
Net income (loss)	(154,198)
Revenue from non-guarantors	14,360

The indentures governing our Notes contain restrictive covenants that, among other things, impose limitations on our ability and the ability of certain of our subsidiaries to pay dividends or make distributions, incur additional debt, make certain investments, create liens or enter into sale and leaseback transactions, merge or consolidate with another company, transfer and sell assets, enter into transactions with affiliates or allow to exist certain restrictions on the ability to pay dividends, make distributions, make other payments, or transfer assets.

Satellites

Operation of our Hughes segment requires adequate satellite transmission capacity for the services that we offer. In the event of a failure or loss of any of our owned or leased satellites, we may need to acquire or lease additional satellite capacity or relocate one of our other satellites and use it as a replacement for the failed or lost satellite. Such a failure could result in a prolonged loss of services.

Satellite Insurance

We generally do not carry commercial in-orbit insurance on any of the satellites that we own and therefore, we will bear the risk associated with any uninsured in-orbit satellite failures.

Although pursuant to the terms of our joint venture agreement with Al Yah Satellite Communications Company PrJSC ("Yahsat") in Brazil, we are required to maintain insurance for the Al Yah 3 Brazilian payload during the commercial in-orbit service of such payload, subject to certain limitations on coverage. The insurance policies were procured by Yahsat, under which we and Yahsat are the beneficiaries of any claims in proportion to their shareholdings. An insurance claim was submitted in the second quarter of 2023 for compensation with respect to the reduction in estimated useful life of the Al Yah 3 satellite. During the nine months ended September 30, 2025, we received a commitment from the insurance carrier for $5 million, of which we received $4 million in proceeds.

Satellite Anomalies and Impairments

Our satellites may experience anomalies from time to time, some of which may have a significant adverse effect on their remaining useful lives, the commercial operation of the satellites, our operating results or financial position. Other than the anomalies related to the Al Yah 3 satellite in 2023, which we no longer utilize, we are not aware of any other anomalies with respect to our owned or leased satellites as of September 30, 2025. There can be no assurance, however, that undetected existing or future anomalies will not have a significant adverse effect on our operations or revenue in the future. In addition, there can be no assurance that we can recover critical transmission capacity in the event one or more of our satellites were to fail.

New Accounting Pronouncements

See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

Item 4. CONTROLS AND PROCEDURES

Conclusion regarding disclosure controls and procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in internal control over financial reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 9 *"Commitments and Contingencies – Litigation"* in the Notes to our Condensed Consolidated Financial Statements for information regarding certain legal proceedings in which we are involved.

Item 1A. RISK FACTORS

Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2024 includes a detailed discussion of our risk factors. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

Changes in trade policies, including, but not limited to, tariffs and other restrictions, could increase, among other things, our costs, disrupt our supply chain and negatively affect our business, operations and financial condition.

We depend on suppliers, including suppliers with manufacturing in China and other countries, for various materials in our satellite and related infrastructure. Changes in U.S. or foreign trade policies, including, but not limited to, new or increased tariffs, export controls, trade restrictions or sanctions, have resulted, and may continue to result, in higher costs for the equipment we procure.

Supply chain disruptions, customs delays, new compliance requirements and other challenges may cause delays in deploying satellite infrastructure and customer equipment, increase our operational expenses and impact our ability to meet customer demand. Although we attempt to mitigate these risks through alternative sourcing and operational efficiencies, these efforts may not be successful or sufficient.

If we are unable to pass on increased costs to customers without negatively impacting demand, or offset them through other measures, our business, financial condition and results of operations could be materially adversely affected.

We currently do not have the necessary cash on hand, projected future cash flows or committed financing to fund our obligations over the next twelve months, which raises substantial doubt about our ability to continue as a going concern.

As of the date of this report, we currently do not have the necessary cash on hand, projected future cash flows or committed financing to fund our anticipated working capital needs, capital expenditures, interest payments, debt maturities and other contractual obligations over the next twelve months. These conditions raise substantial doubt about our ability to continue as a going concern and, as a result, a 'going concern' disclosure appears in the Notes to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Because the SpaceX Transactions, defined herein, are signed at our parent and/or its subsidiaries, we do not expect completion of the SpaceX Transactions to resolve our going concern qualification. In addition, our parent, EchoStar, may not provide additional liquidity in the future necessary to meet our obligations as they come due.

The presence of a going concern uncertainty may also adversely impact the price of our securities, harm our current, future and potential relationships with suppliers, vendors, customers, employees and creditors, and may limit our ability to access additional financing on acceptable terms or at all. There can be no assurance that management's plans to mitigate these risks will be successful on a timely basis or at all. If we are unable to secure adequate liquidity on an acceptable timeline or at all, we may not be able to continue as a going concern, which could result in a total loss of your investment. In addition, as our cash and cash equivalents balance declines, the risks described above may continue, increase or accelerate at any time and with or without notice.

In the event that the going concern qualification continues, we may take additional actions to protect our interest in our assets that may negatively impact the value of your investment in our securities, including, under certain circumstances, filing for relief under Chapter 11 of Title 11 of the United States Code, if we determine that such an action is in the best interests of the Company and our stakeholders.

Certain actions that we may take, including a potential voluntary Chapter 11 bankruptcy filing could have material adverse consequences to us, including, but not limited to: (i) disruption of relationships with vendors, suppliers, employees and customers; (ii) limitations on the ability to access capital markets or otherwise obtain financing on favorable terms or at all; (iii) limitations on the ability to take advantage of business opportunities; (iv) reputational harm; and (v) significant administrative costs and diversion of management attention. Furthermore, the outcome of any of the actions that we, or certain of our subsidiaries, may take, including a filing for relief under Chapter 11, is inherently uncertain and may result in a loss of control by our parent, EchoStar's principal stockholder or a material reduction in the value or change in the relative priority of existing equity or debt securities.

Item 6. EXHIBITS

Exhibits.

22 ☐	List of Subsidiary Guarantors
31.1 ☐	Section 302 Certification of Chief Executive Officer.
31.2 ☐	Section 302 Certification of Principal Financial Officer.
32.1 ☐	Section 906 Certification of Chief Executive Officer.
32.2 ☐	Section 906 Certification of Principal Financial Officer.
99.1*	Letter to EchoStar regarding review of compliance with its federal obligations to provide 5G service throughout the United States, dated May 9, 2025 (incorporate by reference from Exhibit 99.1 to EchoStar Corporation's Current Report on Form 8-K filed May 13, 2025).
99.2*	Letter to EchoStar regarding review of compliance with its federal obligations to provide 5G service throughout the United States, dated September 8, 2025 (incorporated by reference from Exhibit 99.1 to EchoStar Corporation's Current Report on Form 8-K filed September 9, 2025.)
101 ☐	The following materials from the Quarterly Report on Form 10-Q of Hughes Satellite Systems Corporation for the quarter ended September 30, 2025 filed on November 14, 2025 formatted in Inline eXtensible Business Reporting Language ("iXBRL"): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Changes in Stockholder's Equity (Deficit), (iv) Condensed Consolidated Statements of Cash Flows and (v) related notes to these financial statements.
104 ☐	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document).

☐ Filed herewith.

* Incorporated by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HUGHES SATELLITE SYSTEMS CORPORATION

By: *<u>/s/ Hamid Akhavan</u>*
Hamid Akhavan
President and Chief Executive Officer
(Principal Executive Officer)

By: *<u>/s/ Paul W. Orban</u>*
Paul W. Orban
Executive Vice President and Chief Financial Officer, DISH
(Principal Financial Officer and Principal Accounting Officer)

Date: November 14, 2025

Exhibit 22

List of Guarantor Subsidiaries

The 5 1/4% Senior Secured Notes due 2026 and 6 5/8% Senior Unsecured Notes due 2026 issued by Hughes Satellite Services Corporation (incorporated in Colorado) are jointly and severally guaranteed on a full and unconditional basis by the following 100% owned subsidiaries of Hughes Satellite Systems Corporation as of September 30, 2025:

Entity	State or Country of Incorporation
EchoStar Orbital, L.L.C.	Colorado
EchoStar Government Services, L.L.C.	Colorado
EchoStar Satellite Services L.L.C.	Delaware
HNS-India VSAT, Inc	Delaware
Hughes Network Systems, L.L.C.	Delaware
HNS License-Sub L.L.C.	Delaware
HNS Real Estate L.L.C.	Delaware
Hughes Communications, Inc.	Delaware
Hughes Network Systems International Service, Co.	Delaware
HNS Americas, L.L.C.	Delaware
HNS Americas II, L.L.C.	Delaware

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Hamid Akhavan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hughes Satellite Systems Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 14, 2025

/s/ Hamid Akhavan
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Section 302 Certification

I, Paul W. Orban, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hughes Satellite Systems Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 14, 2025

/s/ Paul W. Orban
Principal Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Hughes Satellite Systems Corporation (the “Company”) hereby certifies that to the best of his knowledge the Company’s Quarterly Report on Form 10-Q for the three months ended September 30, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2025

Name: */s/ Hamid Akhavan*

Title: President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Hughes Satellite Systems Corporation (the "Company") hereby certifies that to the best of his knowledge the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2025

Name: */s/ Paul W. Orban*

Title: Principal Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.